

The American Economic Review

VOL. VIII

MARCH, 1918

No. 1

THE STATE MARKET COMMISSION OF CALIFORNIA ITS BEGINNINGS, 1915-1917

I

In the latter part of 1915 the State Market Director of California entered upon his activities, aiming to lessen the cost of marketing and to control the prices of certain food commodities. While the beginnings of this experiment are remarkable, they have been attained under unusually favoring conditions. It is as yet impossible to say how permanent the results are likely to be.

Existing Market Conditions

It will be necessary, in order to make the situation clear, to explain in some detail the existing marketing conditions. Although this may seem a diversion, it is of itself worth while, for there are features that illustrate in a striking way certain fundamental economic principles and that stand out clear of the complications under which they are usually found elsewhere.

Thus far the market director's activities have been confined to food products. With the exception of olives, he does not deal with canned food products, such as canned fruits, vegetables, and fish; he does not deal with cereals, unless rice may be considered a cereal, and that has come under his purview mainly because it is a new culture and lacks facilities for milling and grading; nor does he include the wine industry; and he is but just beginning to take up the great bean crop and beet sugar.

Among the food products with which the director is concerned there are several groups. The first is composed of the citrus fruits, the fresh and dried deciduous fruit and grapes, vegetables, also raisins. For this group his activities have been mainly to promote coöperative associations among the growers in order to better the conditions of marketing these products outside of the state. Another group is composed of dairy products, eggs and poultry, and concerns primarily the local markets. Here too coöperation is the method adopted. The third is hardly a group, for it concerns only fresh fish for the local markets. But in this case the director fixes the "legal" prices, maximum prices, for the fisherman, wholesaler, and retailer.

The Problem

If, out of every dollar that the consumer pays for California dried peaches, the grower receives only 15 cents, the other 85 cents going to the packer, the commission merchant, the wholesaler, the retailer, and the railroads, is or is not the question of the possibility of reducing that 85 cents and increasing the 15 cents a public question in the sense that it justifies government intervention? When this division of the consumer's dollar gives the grower only $2\frac{1}{2}$ cents a pound for his fruit and his expenses run from 4 to 6 cents a pound for orchard care alone, the grower is moved to demand help wherever he can find it, and will naturally answer the question in the affirmative. This illustration, which is only one of many, will serve to suggest the origin of the "State Market Commission" of California.

The problem of reducing the high cost of marketing California's far-famed fruits has received earnest study for many years. Of the history of the marketing of fruits Dr. Lloyd says:

In the early 80's, while the supply of California fruit was yet small, it was usually purchased outright from the grower by speculative buyers who shipped it to a few of the larger markets. California fruit in the eastern markets was then looked upon as a luxury to be indulged in only by the wealthy, and the limited shipments were sold at exorbitant prices. During this period the buyers paid good prices to the growers, and at the same time made large profits for themselves. Within a few years, however, with increased production, the markets seemed to be easily oversupplied, and the former buyers refused to purchase fruit from the growers, but were willing to handle it upon a commission basis, in addition to a fixed charge for packing. This arrangement relieved the shipper of all risk and insured him a profit, but placed the growers at the mercy of an uncertain market, and finally resulted in such low returns that the entire fruit industry of the state was threatened with ruin. The crisis was reached during the financial panic of 1893. For a few years previous to that date, various efforts had been made by the growers to devise some better method of marketing their products; and in a few places small local associations had been organized. The movement favoring the formation of fruit growers' coöperative marketing organizations became quite general in 1893 and was especially pronounced among orange growers in the southern part of the State. The various local organizations of orange growers became affiliated, and in 1895 a central organization, known as the Southern California Fruit Exchange, was incorporated. This organization has been in continuous activity since that date (though in 1905 the name was changed to California Fruit Growers' Exchange), and furnishes the facilities by means of which a large part of California's citrus fruit crop is marketed.¹

¹ *Coöperation and Other Organized Methods of Marketing California's Horti-*

Until 1915 government aid to agriculture in California was confined primarily to furthering the solution of the mechanical, physical, and other problems of production; to education and to the dissemination of information; or to research relative to soils, seed varieties, and the like. The only aid to marketing, to the commercial side of agriculture, was the establishment of state and district fairs. Efforts to solve the marketing problems were made solely by private initiative. But in 1915, the state government took a hand. The state's experiment is, of course, very young; and, as the rate of infantile mortality among the private experiments looking to the same end has been very high, there is as yet no assurance of long life for this infant.

Stated briefly, the *aim* of the state's experiment is to gain the advantages and economies of combination, while avoiding the dangers of monopoly. The *method*, except for group three, fish, is the establishment of coöperative marketing combinations under government patronage, but without enforced control. The government acts as mentor. The commissioner is presumed to represent the "public at large." Admittedly he represents the California public which is composed largely of growers. If there be any "harmony of interest" between the growers and the consumers he should represent that point of view. He has no power to enforce his advice, save as the withdrawal of his countenance may serve as a penalty. But at the same time, as his countenance leads to inspection and grading and to the endorsement of brands or trade names, it has a solid commercial value and is not likely to be lightly ignored.

The High Cost of Marketing²

The reasons for the high cost of marketing California's horticultural products must be briefly explained before the efforts of the market director can be understood. There are three main groups

cultural Products, by Dr. J. W. Lloyd. (A thesis, as yet unpublished, presented by Dr. Lloyd in part fulfillment of the requirement for the degree of Ph.D. at the University of California.)

Many of the facts used in this article are taken, in part from memory, from various reports and theses presented by the author's pupils during the last twenty years. Since this article is not primarily an historical study, detailed scholastic references seem unnecessary.

² Many details may be omitted in view of the excellent discussions already in print. See Huebner, *Agricultural Commerce*, p. 250 ff. One correction

of causes all closely interwoven. Some lie in the nature of the products, others arise from the geographical isolation of the state, and still others are to be found in the peculiarities of the demand in the distant markets.

The products primarily involved, with roughly approximate amounts shipped from the state annually, are:

Citrus fruits	50,000 carloads
Fresh deciduous fruits: apples, apricots, cherries, peaches, pears, plums, grapes	18,000 "
Fresh vegetables: very many sorts (the amount shipped is far less than the whole crop)	250,000 tons
Dried fruits and raisins	250,000 "
Canned fruits (indirectly involved)	5,000,000 cases
Canned vegetables (indirectly involved)	3,000,000 "
Nuts	15,000 tons
Olives	1,800,000 gallons
Olive oil	1,000,000 "

These horticultural and vegetable products have many characteristics of an economic kind in common. But the characteristics differ in importance in each case.

1. They are grown both by large and by small growers. But the small growers are more numerous and, generally speaking, the number and size of large "ranches" is slowly decreasing.

2. Up to the point of the ripening of the fruit the industry obeys the law of diminishing returns. That is to say, the small ranch (40 to 100 acres) intensively cultivated by, or under the eye of, the owner produces generally more cheaply per unit of product than a large one. Or, at least, the costs reckoned against the crop, including the owner's work, are not rated so high as on the large ranch.

3. After the fruit is ripe, the processes of picking and "packing" (a term used loosely to cover curing, boxing, canning, in short, every step from tree to car) and all the processes of shipping and selling involve in a marked degree the law of increasing returns. That is to say they can all be done more cheaply per unit on a large scale. This may not be universally true of picking. The small grower who picks his own fruit, or uses

should be made to his statement, and that is that when the orchard fruit is sold as a whole, the California practice is to sell at so much a ton, or other measure. Buyers here do not ordinarily "pay a lump sum for the crop." See also the other references given by Huebner, and Dr. Lloyd's thesis, above referred to, which will be published soon.

little hired labor, relying on his family, may reckon a smaller money cost. But that largely depends on how he rates his own labor. Still, care and painstaking at this point count. When labor is scarce the large ranch is at a disadvantage, as was strikingly shown in the season of 1917 when much fruit rotted on the ground for lack of labor to harvest it. In this year of high prices and scanty food supply it was a great calamity. Obviously, combination in all these processes tends to result in real saving.

4. In varying degrees the products are perishable, some highly so. The fresh fruits go to market in refrigerator cars, are pre-cooled and must be iced en route. They must travel fast. They must be sold soon after their arrival. All this not only involves costly physical appliances, but the even more important necessity for avoiding gluts in any of the markets.

From these four causes the growers, and especially the small growers, who form the larger group, are at a disadvantage. Some way of assembling the crops in large shipments is a necessity for economy. For this, as well as other reasons, "packers,"—including not only those doing the things above mentioned but, still more loosely, commission houses, jobbers, and middlemen generally—have performed an essential service. The term "packer" will from here on, in conformity with local usage, be used to designate all those commercial agencies for packing and marketing fruit not run by the growers themselves. As against the "packers" stand the growers' associations, mostly coöperative. There are a few large growers who market their crops directly.

The unavoidable expenses of "packing" are large. For some crops packing involves a plant of considerable size and calls for an investment of capital that the small grower can ill afford. A packing house large enough to do the work at all can usually do a relatively large amount more than a small grower offers. The larger the packing house the greater the advantage. A large packing house can, just by being large, secure a larger and steadier supply of labor. Its brands, trade-names, cans, and other devices for securing reputation and good-will become more widely known. Some capital is also needed to finance the selling, and a large house can hire full-time salesmen.

It is claimed that California ships nearly one fourth of all the fruit that enters into the general markets of the United States. The exact proportions are not very important for our present purpose. But as California has only about 3 per cent of the

population of the United States and as a large part of that 3 per cent supplies itself with fruit without entering the general market, it is obvious that the fruit must practically all be sold outside the state. Now, in this case, outside the state means at great distances. The nearest market centers of any size are on the Denver meridian, 1,000 miles away; the next line of them is on the Chicago meridian, some 2,000 miles away. Then comes the Atlantic coast, with the most important markets, some 3,000 miles away. There are foreign markets still more distant.

From this simple fact arises many a difficulty. The small grower can rarely, and then only at almost prohibitive cost, come into personal contact with the distant dealers. Even a large packer is at the mercy of outsiders for information. This is often fatal, as a single carload missent may cause a glut and heavy loss. Although the transportation difficulties have been fairly solved, there still remains unavoidably the differential in freight rates between carload and less than carload lots which establishes an ever increasing advantage for the large shipper.

California fruits have, of course, certain unique advantages in the eastern markets. If it were not so they would not be there. Many come in at the off seasons for the eastern fruits; early cherries, for example. Some are grown only in California; ripe olives, for example. Some have a large demand for festal occasions when expense is not counted closely; for example, oranges, raisins, and nuts at Thanksgiving and Christmas. But accompanying these advantages are difficulties other than those of distance. It has been found, for example, in citrus fruits, that it is the long market, not the high-priced, short market that pays the best. A single small shipper or even a number of isolated shippers not working in harmony obviously cannot build up and hold a long market. It pays better, in the long run, to supply a dozen small towns regularly and as directly as possible than to trust to the dealers in large centers to distribute the fruit.

In passing it is important to note that much of the deciduous fruit is sold at auction in large lots, carload lots, in the eastern centers. That being the case the proper timing of shipments is vital. The possibility of transferring the auction sales points to California is one of the problems.

The foregoing is perhaps sufficient to show the bulwarks behind which the middlemen are entrenched. Rightly or wrongly the grower generally feels that he is quite at the mercy of the packers.

"The packer charges extortionate prices for packing, sells the fruit and sends back to the grower whatever he pleases," is a common statement.

Remedies for High Cost of Marketing

What remedies are possible? First, one naturally considers competition. Competition between the packers is, however, obviously no remedy; for, as has been seen, a large part of the trouble is uncoordinated shipping. The middlemen tend to act in concert, to combine, to grow larger, to form great corporations; for, as has been shown, it is cheaper to do these things on a large than on a small scale. An example of concerted action is found in the California Fruit Distributors of Sacramento, which ships about two thirds of the deciduous fruits (fresh). This is an association of commercial packers, some fifteen in number, with one man in charge of the routing, timing, and destination of shipments.

Second, there are the exchanges, or organizations through which the growers, while retaining very nearly full independence, collect and disseminate information. These have been, in some instances, successful. In the case of raisins, which, of course, are not so very perishable, there was a strong exchange formed after many efforts at more closely bound coöperative associations had failed.

Third, the only durable and far-reaching success so far has been attained by coöperative associations. The most successful one may serve as an illustration. It is the one, already mentioned, in the citrus fruits of southern California. This organization is now twenty-two years old and claims to have marketed in 1916-17 69 per cent of the entire crop. The greater part of the remainder comes from the northern districts. The details of its organization are given in the articles to which reference was made above. All we are interested in here is how it does its marketing. It performs for its members the following services: (1) It packs the fruit in boxes, which it has itself provided, and puts it on the cars. It has at times performed this service for as little as 24 cents a box, but 27 to 28 cents is a fair result. Packing by the commercial packers is charged at about 40 cents a box. (2) It attends to freight and icing charges, to routing, claims for losses, etc. By concentrating this work it makes many savings. (3) It directs sales through salaried representatives in the eastern markets, some 77 in number. It has cut the cost of marketing from 10 per cent, the traditional commission, to about 4 per cent. (4) It has saved loss and dam-

ages by preventing gluts. (5) It has lengthened the marketing period, and has spread the sales out from the large centers to many small towns and even villages. (6) It has increased the demand. For example, between 1900 and 1910, the population of the United States increased 21 per cent, but 292 per cent more oranges were eaten. (7) It inspects and grades the fruit and endeavors to maintain a high reputation. (8) By pooling it spreads the losses, as well as the gains, over all its members.

The organization has been, so runs the general opinion, well administered. But on examination it appears that in so far as it has any advantage over an equally large and equally well administered, equally honest, "private profit," purely mercantile concern, it gets that from the only source from which any coöperative association can draw, namely, the unpaid or underpaid services of its own members, services which would otherwise have to be paid for. To this most vital of all points we shall return.

There were, in 1915, four other large coöperative associations of fruit growers in the state. There were also a number of smaller or local associations of a similar character. The following table shows the pertinent facts concerning each of the large ones.

Name	Location	Crop	Age of organization, in years	Per cent of state crop controlled
California Fruit Growers Exchange	Los Angeles	Citrus fruits	22	69
California Fruit Exchange	Sacramento	Deciduous fruits, mainly fresh	16	20 ¹
California Associated Raisin Company	Fresno	Raisins	4	over 80 ²
California Walnut Growers' Ass'n . .	Los Angeles	Walnuts	5	70
California Almond Growers' Exchange	San Francisco	Almonds	7	80

¹ About one third of that from territory in which it operates.

² Also has over \$1,000,000 paid up in capital stock.

II

We come now to the experiment on which the state government has entered and for an understanding of which the above statement of the difficulties seemed to be necessary.

Legislative Action

The legislature of 1915 passed an act³ providing for a "State Commission Market." (The reader will please note that the word "commission" is here an adjective.) The intent of the bill was that there should be established in the various cities or other convenient centers, market places, where the director, a state officer, should receive and sell on commission "agricultural, fishery, dairy and farm products of California." These markets were to be self-sustaining from the commissions earned and only a small appropriation was made to cover the initial and administrative expenses. At the time this bill was passed the local commission business in California products was not very large nor in the best of repute. As has been shown, the market foci are in the East.

The author of the bill seems to have had in mind open markets to which all buyers, including those interested in the outside trade, would resort. He seems to have been much impressed by the cheese markets in Holland, at Edam and at Alkmar, which he had visited.⁴ He proposed to begin with the "simpler farm products, such as eggs and chickens, butter and garden truck," but he hoped that, "like the seed of the acorn," it would "grow into the oak." He also had an eye on the local fish market, which later became a very interesting feature in the working out of the plan.

The author of the bill stated that he introduced it in response to the insistant demands of the farmers. The governor, who signed the bill against what he felt to be his better judgment, testified to the same pressure from the farmers. It would be interesting to know how the farmers became imbued with this particular idea. Possibly not a little of the agitation might be traced to the wide dissemination of information concerning coöperative and open marketing in Europe that accompanied the movement for rural credits. It is more likely, though, that the demands were in no way so specific, but were only an expression of the long burning desire to "get out of the hands of the packers."

However, this first bill, although it became a law, never went into effect in the way the author intended. Acting under the authority of a clause in the bill that gave the director wide discretionary powers the first director, Mr. Harris Weinstock,⁵ with the

³ Statutes of 1915, ch. 713.

⁴ Address by the Hon. H. E. McPherson (author of the above bill), *Transactions of the Commonwealth Club of California*, vol. X, no. 4.

⁵ It will easily be apparent that the personality of the director was an

sanction and approval of the governor, established a market commission, instead of any commission markets. It is obvious that a commission market is just as different from a market commission as a chestnut horse is from a horse chestnut. We are not now interested in the very pretty row which was raised in the legislature at its next session over this diversion of the intent of the bill. The only matter of importance is that the legislature sustained the action of the director and the governor and passed a new act, which provided in express terms for all the things which the director had been doing for the greater part of the two preceding years. It was as if the second act (chapter 802, statutes of 1917) had been in force from 1915 on and the first bill, save for the creation of the office and the small appropriation, had never been. The following extracts from the second act state the powers and duties which had been exercised and were to be exercised:

There is hereby created the "state market commission," a state organization for the following purposes, to wit:

First—To act as advisor for producers and distributors when requested, assisting them in economical and efficient distribution of any such products at fair prices.

Second—To gather and disseminate impartial information concerning supply and demand, prevailing prices, and commercial movements, including common and cold storage of any such products.

Third—To promote assist and encourage the organization and operation of coöperative and other associations and organizations for improving the relations and services among producers, distributors and consumers of any of such products, and to protect and conserve the interests of the producers and consignors of such products.

Fourth—To foster and encourage coöperation between producers and distributors of any such products, in the interest of the general public.

Fifth—To foster and encourage the standardizing, grading, inspection, labelling, handling, storage and sale of any such products.

Sixth—To act as a mediator or arbitrator, when invited by both parties, in any controversy or issue, that may arise between producers and distributors of any such products.

important feature in the establishment of this office. Mr. Weinstock has been a successful merchant. His partner was the David Lubin who is known to all economists as the founder of the International Agricultural Institute. Mr. Weinstock had served in turn in many public offices. In 1913 he served, at once, on the Federal Industrial Relations Commission and on the State Industrial Accident Commission. He was also a member of the American Commission to Investigate European Rural Credits. In 1915 he was serving on a similar commission for the state. It was his wide acquaintance with men and affairs throughout the whole state that lent confidence to his leadership.

Seventh—To certify, for the protection of owners, buyers or creditors, when so requested, warehouse receipts for any such products, verifying quantities and qualities thereof, and to charge for such services fees sufficient to make the service at least self-supporting.

Eighth—To issue labels bearing the seal of the state market commission on request of the producer, packer, canner or distributor, for any such products, for which state labels have not otherwise been authorized by law, under such rules and regulations as the director may deem necessary and to charge for such labels such fees as in the judgment of the state market director may be proper.

Ninth—To act on behalf of the consumers of any such products in conserving and protecting their interests in every practicable way.

Tenth—To improve, broaden and extend in every practical way the distribution and sale of any such California products throughout the markets of the world.

Eleventh—To promote in the interest of the producer, the distributor and consumer, economical and efficient distribution and marketing of all or any agricultural, fishery, dairy and farm products produced, grown, raised, caught, manufactured or processed within the state of California.

Initial Activities of the State Market Director

One of the things which the market director did first was to ascertain the prices of California's products in the eastern retail markets. He found, for example, that California dried peaches, for which the grower had received in 1915 2½ cents a pound, were retailing in New York and Chicago at from 12½ cents a pound in bulk up to 28 cents a pound in small lots, for fancy grades. A rough average seemed to be about 17½ cents. This is the basis of the illustration used at the beginning of this article. Similar data were collected for other products. He also obtained a written opinion from the federal Department of Justice to the effect that coöperative associations among farmers for marketing their products might be formed in such a way as not to violate the anti-trust laws, and a promise that if any formed in accord with the plans of the market commission should be found to violate those laws ample notice would be given to enable them to dissolve before proceedings were begun. Thus armed he returned to organize the growers. We shall not take space to attempt to describe all his efforts, but shall select those which seem best as illustrations of the principles involved.

Formation of Coöperative Associations

It appeared that one of the greatest obstacles to the formation of coöperative associations among the growers was the unwillingness

of the growers to entrust their crops for several years to a group of untried men as directors of their associations. Another difficulty lay in raising capital and other funds to finance the marketing organization.

In the case of the dried peach growers there was a promotion committee already at work. The director joined forces with this committee and the result of the joint efforts was the "California Peach Growers, Inc.," which has under a five-year contract the sale of the crops from 45,750 acres of orchards "of such peaches as are commonly dried." The association estimates the total acreage of such peaches in the state at 50,000. This association has capital stock. The total subscription to its stock is \$848,000, of which \$340,000 has been paid in, in cash, and the remainder is in the form of notes signed by the member growers. The purpose of the capital stock is to enhance the credit of the growers in marketing their product. In the first year of its operations this association did not acquire its own packing facilities nor build up an independent marketing or sales staff. But it "was able to make satisfactory negotiations for packing houses adequate for handling this year's crop and has been very skillful in its relations with the commercial packers."⁶ The price received by the growers for their crop the first year after the association was formed was 6 cents a pound as against 2½ the year before. The New York retail prices to consumers showed no advance, if anything a slight fall. The crop was a little smaller than that of the preceding disastrous year. Whether from this cause, or from the formation of the association, the commercial packers absorbed the extra cost. Since there was but little change in the actual marketing methods, beyond collective bargaining by the growers, it is not yet possible to say whether the new association is finally going to be able to actually cut out some of the lost motion and cost of marketing.

Another industry somewhat similar to that just dealt with is the dried prune and apricot industry. It is one of the largest in the state. The sales run from \$7,000,000 to \$11,000,000 annually. It is less precarious than are some of the others, as the markets are older and more stable. But war conditions brought the growers very low prices in 1915. The time was, therefore, ripe for organization. It has been pointed out by Dr. Lloyd, in the study above referred to, that it is in times that are hard for the grower that he begins to move for organization. The greatest difficulty in this

⁶ *First Annual Report of the State Market Director of California*, p. 14.

case was the lack of capital to stand as security for advances from the banks to carry the crop to a more opportune time for marketing. The sum required was estimated in this case at about \$20 per acre of fully bearing trees, about the same basis as that used by the dried peach men. After many vicissitudes an association was formed in the dried prune and apricot industry. Up to the present, however, the association is not willing to give to the public a statement of its affairs. There is a lively war on between the new association and the old commercial packers who are fighting to save their investment and business. Then, too, prices have risen; and, as always, rising prices are a menace to coöperative associations in tempting members to desert.

Several movements are underway for the organization of the olive growers. But here again the recent sharp rise in the prices of olives and of olive oil has weakened the incentive to organization. The strawberry growers have also an incipient organization, as have the pear growers.

The above shows the extent to which new associations have been fostered in the fruit industry.

The director has also invaded the two fields in which organization was most complete, namely, the citrus fruits and the fresh deciduous fruits. As above stated, the Citrus Exchange controls about 69 per cent of the crop. But the other 31 per cent is the cause of some confusion and occasional gluts. In the same way the deciduous fruit is divided between the California Fruit Distributors, an association of commercial packers, and the California Fruit Exchange, a coöperative association, the former controlling about 60 per cent, the latter 20 per cent of the crop, while the rest is not so well organized. But the two groups do not work in harmony and sometimes gluts occur, which, as the auction markets are very sensitive, cause trouble. Of the citrus fruits the director says, "The lack of dependable information as to the routing and directing of the remaining one third of the crop led at times to gluts and famines in Eastern markets, lowering prices over the entire country and causing losses to all producers." The remedy he proposes is a state bureau of distribution, modelled after that successfully operated by the federal government for the marketing of melons from Imperial Valley. Such a bureau, or one for each of the great industries, he deems necessary. This suggestion met with opposition at once from the coöperative associations. The reason is obvious. Not only are the coöperators too recently freed from

the grip of the middlemen to feel free to associate with them, but if there were a state bureau of this sort to which any growers could apply for information as to when and where to ship, one of the strongest holds which the coöperative association has on the loyalty of its members would be lost. It is because the grower cannot help himself that he joins with his fellows. Still, the suggestion points to a great necessity. Either the coöperative associations must become 100 per cent associations or they must form a truce with their enemies in this one matter. Possibly with the threat of a state bureau before them they will form a voluntary distributing agency to which all growers and packers alike will have access.

With this we may conclude the discussion of the efforts of the director in improving the outside markets. There are some others which might be mentioned. Efforts looking to the organization of the rice growers, the potato growers, the hop growers, and a number of local coöperative associations, all follow substantially the lines already described.

It should be added that the director has busily inculcated in all branches the necessity for better grading and inspection with labels endorsed by the state as a guarantee of quality. The growers are alive to this necessity and some laws with which we need not deal at present have been enacted. Notable among these is the law fixing the quality of oranges to be marketed.

Organization of Local Markets

The first bill passed by the legislature contemplated local commission markets and free markets. The director decided, however, that free markets were matters for the cities to provide and not for the state. Municipal markets have been established from time to time in various cities with varying success. But with them we are not concerned.

In the matter of the marketing of cattle and hogs the director is moving along the lines set forth in the first bill. Nothing has yet been completed, but the plans are well matured and are of interest. In the marketing of cattle and hogs the big Chicago packers and one large local producer, Miller and Lux, have practical control of the whole situation. The small farmer sells to the itinerant buyers who visit him at irregular intervals, or he ships to the larger center on consignment. In the first case he is handicapped by his own ignorance of the market conditions and by having to deal with a

shrewd bargainer. In the second case he has to ship in less than carload lots, which means that he has to pay high freight rates. The small farmer is also irritated by learning, for example, that this year beef cattle for which he gets $9\frac{3}{4}$ cents a pound are selling in Chicago at 17 cents; that hogs for which he gets 15 or 16 cents a pound in San Francisco command $18\frac{1}{2}$ cents in Portland, a smaller market, but one not dissimilar so far as being get-at-able by the local farmer. He feels, rightly or wrongly, that there is no competition among the buyers, and assumes that if there were he would get better prices. The plan which the director is considering is: To utilize the "farm advisors" (of whom there is now under the direction of the Department of Agriculture of the University of California, one in every important agricultural district), for supervising the assembling of the livestock in carload lots; these to be shipped to centrally located stockyards, which are to be established under the supervision of the market director but supported by local capital; there to be graded by inspectors, in the selection of whom the farmer will have a voice; and to be sold either at auction or by open competitive bidding. The plan may require coöperative marketing associations and even locally supported packing houses.

In the poultry industry two associations have sprung into existence since the establishment of the market commission. One of these is in the northern part of the state, the other in the southern. It appears that in 1916, hens like human beings suffered from the high cost of living, feed being very high. One of the poultrymen declared that 80 per cent of the poultry men were nearly bankrupt. The manager of the northern association estimates: "We had signed up about 1,250,000 hens last November." The association began business January 27, 1917, and to August 30, 1917, had marketed 150,991 cases of 30 dozen eggs, or 4,529,730 dozen eggs.⁷ The southern association estimates the total number of hens in the district at 1,300,000, and they "have signed up" 428,000 hens. From January 1 to August 1, 1917, they marketed 2,226,950 dozen eggs. These associations supply cases and fillers and attend to all the work of marketing. They work on the basis of a charge of 2 cents a dozen for these services and supplies. They hope to be able to return some of this working margin. Here, too, the rapid rise of prices has a tendency to undermine the loyalty of the members.

⁷ Possibly about one fourth of the district total.

The director also entered the field of the milk supply of San Francisco. To understand this situation we must go back a few years. After the great fire in San Francisco it was decided to remove all the dairies from the city limits. Hence all milk is now shipped into the city from the surrounding territory within a radius of about 100 miles. About the same time, and with increasing strictness ever since, the state descended upon the dairymen and required them to test their cows for tuberculosis and other diseases and to eliminate all that were found to be unhealthy, to keep their milking sheds, animals, and milkers clean and sanitary, and to pasteurize their milk. All of this involved expense and required capital. The dairy business has become a complex one. It cannot be so easily entered and left as once was the case. Combination once quite impossible and in no way to advantage has become quite possible. The dairy industry, too, is quite sensitive to changes in the purchasing power of money. On the one hand there are traditional or customary prices to the consumers which are not easily changed. But the price of feed has advanced. The advance this last year has been about 40 per cent, and there was a heavy advance before that. The labor employed in dairies is very mobile and hence wages have gone up faster than in some other lines.

Between the dairymen and the consumers are the distributors. In San Francisco they are in a strong position. They own the "routes" and, with the housewife's stubborn prejudice for the same milkman, a "route" is a fixed asset. Then, too, the drivers have one of the strongest trade unions. The distributors have not a close organization, but they have a bottle exchange or clearing house and a credit bureau, and they seem to work in harmony, at least to the extent of presenting a practically solid front to the dairymen.

The dairymen who ship to San Francisco number some 200. There had been several efforts at coöperative organization for selling purposes. These had practically all failed when the director came to the rescue. The last one had embraced some 95 dairymen. But it could not raise quite all the capital it needed for central office and plant. With the approval of the director, an organization was finally perfected which now controls approximately four fifths of the supply. The association works on a margin of about 5 per cent, out of which, after paying expenses, it returns any surplus that may result in the form of a bonus in proportion to milk delivered. Each member must deliver an agreed

minimum and may deliver 10 per cent more. When the season's conditions result in surplus production by the members, that surplus is manufactured into butter or cheese at the association's plant.

The result has been three successive increases in prices to the dairymen. First it was 16½ cents a gallon f. o. b. San Francisco, then 19 cents, and just lately 22½ cents. These increases are passed on to the consumer, who paid at first 5 cents a pint and 9 cents a quart, then 6 cents a pint and 10 cents a quart, and now 7 cents a pint and 12 cents a quart. This much must be set over against the high prices—that the supply is fairly assured. However, the public is naturally very much dissatisfied. It is pointed out that there is apparently much waste in the delivery system which involves several milkmen traversing each block, owing to duplication of routes. The whole situation is in agitation and the outcome cannot be foreseen.

In all of the foregoing we have found that the director makes no effort to fix prices. By persuasion, by pointing out the importance of the "long run," he has influenced the growers associations to keep to reasonable prices and not to take advantage of the temporary stringency in the supply or intensity of demand. In the next case he fixes the only "legal" prices.

The Fish Exchange Act

The director's exceptional powers over the prices to be charged for fish are conferred by an act separate from the act establishing the general Market Commission. This act is called "The State Fish Exchange Act."⁸ The second section of this act states the purposes as follows:

It is hereby declared that it is the purpose of this act to bring about an increased consumption of fresh fish by the people of California, to enable them to obtain the same at reasonable prices, and to empower the state market director to regulate and control the business of buying and selling fresh fish, to regulate the destruction of food fish, to create a state fish exchange fund, to provide penalties for violations of this act, to investigate and report on the fish industry, and to promote the sale of fish.

The far-reaching power thus asserted to absolutely fix the price of fish by decree rests on a novel legal theory stated in the act as follows:

⁸ Statutes of 1917, ch. 803.

It is hereby declared that the ownership and title to all fish found in the waters under the jurisdiction of the state are in the State of California; no such fish shall be caught, taken or killed in any manner or at any time except that the person so catching, taking or killing or having the same in his possession, irrespective of the manner in which they were obtained, shall by such act or possession thereby consent that the title to such fish shall be and remain in the State of California for the purpose of regulating and controlling the use and disposition of same after such catching, taking or killing, except that the title to such fish legally taken shall vest in the person so taking or possessing them, subject to the restrictions and provisions of law. All fish found in the possession of a person within the State of California shall be presumed to have been taken under the jurisdiction of the state.

It remains to be seen what the courts will say to so novel and startling a theory of possession without property. But it may be pointed out in passing that all that is really done may rest almost as well on the general police powers of the state as upon this new theory of property.

Under the theory of this law every dealer in fish, other than the fisherman, must procure a special license, and dealing in fish without a license is a misdemeanor punishable by fine or imprisonment or both. Nothing is left unsaid or unthought of as to the fullness of the director's powers. Thus, if all else fails, he can open a commission market and compete with the older dealers. Again, no one may destroy "food fish" or divert it to any other use than human consumption without the written consent of the director, with certain routine exceptions, such as the use of fish for bait in the customary manner, and the like.

All this, be it noted, was conceived and enacted before the United States entered the war. It is not a reflex of the ideas of food control originating in the war. It preceded them all.

The act does not apply in any way to "canners, curers or packers," nor to sportsmen, who are regulated by the fish and game commission, nor to the direct sale of fish to consumers by the fisherman, nor to "crustaceans or mollusks," except that the prohibition as to destruction, or diversion from human consumption as food, is general and applies to all.

Sea fishing, from San Francisco Bay and from the other bays and harbors along the coast, is done mainly by Italians, with a fringe of Danes and Norwegians. There are also in some branches of the trade, notably shrimp fishing, some Chinese, now mostly old men, for the exclusion act keeps out the younger ones. There are

in the main two classes of these fishermen supplying the store trade. One class is the independent fisherman with a one man boat, who generally goes out alone. Occasionally two boats will work together with nets. There are a few slightly larger boats worked by two or more men. The picturesque lateen sail boats of this fleet which once dotted the bay and the ocean for miles outside have been almost entirely displaced by motor boats. The second class are the "steamer" fishermen. These work in large trawlers, owned by companies or by "padrones." They bring in the so-called steamer fish: sole, sand-dabs, flounders, hake, and skate, as well as other varieties. In this case the company or padrone is also the wholesaler, while the small boat fishermen generally sell their fish on the wharf to the middlemen. The sea fishermen in San Francisco congregate for the most part at Fishermen's Wharf, built especially for their accommodation by the state which owns the whole water front of San Francisco. This concentration is essential to the administration as conducted by the director. It also gave rise to conscious or unconscious concerted action by the fishermen before control, and possibly added to the popular belief that there was a "fish trust."

The San Francisco fish consumer has long enjoyed the theory that he was virtually in the hands of a malicious "fish trust" which deliberately overcharged him and to do that deliberately dumped into the bay, or sold to the glue and fertilizer works, hundreds of tons of good fish daily. Many of the independent fishermen were also galling under belief in such a "trust" which they felt sure was keeping down the price they received. Whether or not their conviction was founded on fact is not so important for our present purpose as is the atmosphere which it created. The belief was a great aid to the director. It was assiduously fostered by the newspapers, a topic to fill space when exciting news was lacking.

The dealers admitted that there was waste of food fish. But they claimed, and with truth, that the public would buy only certain varieties that are relatively scarce and hence dear, such as halibut, salmon, smelt, striped bass, and especially tenderloin of sole, and would not buy the equally good varieties that could be had for less money. Then, too, the habit of eating fish only on Friday obviously hampered the trade.

Under the old law, that of 1915, before he had the express power to fix prices, the director had entered this field. He brought about an organization of all the factors, the large and small fishermen, the wholesalers and the retailers. This organization known as

the "Fish Exchange" set out to educate the public to eat more fish, and thus to prevent dumping and to lower the cost of fish by cutting down the overhead per pound. The association was voluntary and subscriptions toward an advertising fund were called for in proportion to the interest of each member. Advertisements such as the following were spread broadcast:

For the first time in the history of business, so far as we know, a commodity is to be marketed by a method in which the consumer, the retailer, the wholesaler, and the producer all have a say. The interests of each are protected through control by the State Commission Market, acting under the law of the state. The consumer will be protected in the price of fish by the daily publication of the maximum retail prices. By this plan it is hoped to so increase the use of fish that the cost of living will be less, while the greater amount of business thus given the fishermen and dealers will pay them for the lower prices. . . . The first lowering of prices saves the consumers 10 per cent on the price of the fish and this saving will amount to \$300,000 a year. . . . If every family realized that it could get fresh fish every day in the week, and that it could get fresh fish at very low prices, the eating of fish would double and the benefits would be greater, because fish is good to eat, it is easily digested, it is healthful and saves money.

ALL ARE INTERESTED

Representatives of the interests mentioned above will meet every business day. They will have the fullest information as to the available supply and will decide what shall be the maximum retail price which the consumer should pay. Note that there are two representatives of the state on this Committee whose duty it is to look after the interest of the public and see that fish is sold as cheaply as fair returns to the fishermen and the dealers will warrant. . . . The fishermen—those who go out in boats on the ocean, bay and rivers to catch the fish and bring them in to Fisherman's Wharf, the wholesalers—those who bring the fish to the city and prepare it for market, and the retailers, who buy the fish from the wholesaler and sell it to you and the state of California—through its Market Director and the State Fish and Game Commission, have formed an organization representing the producer, the dealers, and the people for mutual benefit. . . . Fish should retail today at not to exceed these prices:

Sole	\$.08	Smelt	\$.16½
Tenderloin of sole .....	.17½	Tomcod .....	.12½
Sandabs .....	.11	White bait .....	.12½
Rock cod .....	.14	Kingfish .....	.09
Black cod .....	.08	Carp .....	.06
Large cod .....	.11	Salmon .....	.16½
Tuna .....	.11	Sea bass .....	.18
Squid .....	.10	Shad .....	.08
Boccaccio .....	.06	Baracuda .....	.17½
Codfish .....	.14	Sturgeon .....	.16
Striped bass .....	.20	Halibut .....	.20
Mackerel .....	.12½		

We have 52 kinds of fish they are all good—some of the best you never heard of. We are going to tell you about them from time to time. . . . ORDER FISH TO-DAY.

The above extracts show very clearly the economic lines upon which the director began. They have all been carried over into the renewed efforts under the new law, with the added force of the director's power to fix the legal prices. But the first effort ran upon a snag. It depended upon the payment of the subscriptions by the dealers. To use the language of the director: "But Mr. A. Paladini, one of the larger wholesale dealers, who had signed the agreement, . . . threw a monkey wrench into the machinery of proposed fish distribution." That is, he refused to pay his quota of the expenses. This nullified the first effort and gave occasion for the more drastic law.

The new plan does not involve an "exchange" nor, in fact, any special organization of the fishermen or dealers. The expense is to be met by the license fees. These unfortunately were set too low, but that can be remedied. The procedure is as follows. Each evening after the fishermen have come home, a representative of the director goes around the "bulkhead" and ascertains how much the catch of each variety has been. The "holdover" of each variety in the hands of the dealers is also reported on. On the basis of this information such a price is fixed for each variety as experience has shown will probably carry off the existing stock. These prices are then published in the morning papers as the only legal prices at retail for that day. Dealers may charge less but not more than these prices, which are the prices to the consumers.

This is the beginning only, for the next step is to fix the prices that will be paid by the retailers to the wholesalers and by the wholesalers to the fishermen. For this purpose schedules have been worked out by negotiations. The schedule for each variety of fish is different. These schedules are the subject of constant discussion and revision and will be so for some time to come, for one of the factors is necessarily the increase in the demand, which is growing daily. A few samples will show the method.

It was first ascertained that in cod the loss by evaporation of water content, "shrinkage," was about 3 per cent; the loss by removing the entrails, etc., 24 per cent; the loss by removing the unmarketable heads, tails, and bones, 22 per cent; total losses 49 per cent. That is to say that for every 100 pounds of fish caught there are only 51 pounds saleable to the consumer. If the whole-

saler does the first cleaning and bears the shrinkage, while the retailer cuts off the heads, tails, fins, and removes bones, the wholesaler buys 100 pounds and sells 73 pounds, the retailer buys 73 pounds and sells 51 pounds. Let us then start with the assumption that the fisherman gets 3 cents a pound, that the wholesaler should have 25 per cent of *his receipts* to cover his expenses and to allow him a profit, and that the retailer, whose expenses may be heavier and who carries the final risk, should be allowed $33\frac{1}{3}$ per cent of *his receipts* for his expenses and a profit. Then the computation runs somewhat as follows:

The fisherman sells 100 pounds at 3 cents and gets	\$3.00
The wholesaler loses 27 pounds which cost him at 3 cents .....	.81
Cost to the wholesaler per 100 pounds <i>bought</i>	3.81
Wholesaler's allowance for expenses and profit, $1/3$	1.27
Cost to this point per 100 pounds <i>sold</i>	5.08
Retailer loses 22 pounds which cost him at \$.0508	1.12
Cost to retailer per 100 pounds <i>bought</i>	6.20
Retailer's allowance, $1/2$ of \$6.20	3.10
Total cost per 100 pounds <i>sold</i> by retailer.....	9.30

Theoretically the prices should then run: to the consumer \$.0930 per pound, to the wholesaler \$.0508 per pound, and to the fisherman \$.03 per pound. Reversing the process and showing the division of the consumer's dollar we have:

For waste	\$.207
" retailer .....	.333
" wholesaler .....	.137
" fisherman .....	.323
	<hr/>
	\$1.00

Practically, then, if the price that will carry off the supply is 9 cents, the wholesaler should get say 5 cents a pound and the fisherman 3 cents, for it is not necessary to carry out the fractions to the finest point.

As an example of the revision of such schedules we may cite the case of rock cod. These are now first graded into two classes, those under 5 pounds and those over. When they are under 5 pounds the retailer does all the cleaning and gets 45 per cent of the price for that day; the wholesaler gets 15 per cent, and the fisherman gets 40 per cent. But for those over 5 pounds the wholesaler does part of the cleaning; the retailer gets 50 per cent, the wholesaler 20 per cent, and the fisherman 30 per cent. In the latter case the retailer is favored because of the greater risk of spoilage.

There are many schedules more complicated. Thus filet of sole, which is a great favorite because all solid meat, has to be prepared by boning and removing two skins. It takes 10 pounds of fish caught to make $3\frac{3}{4}$ pounds of filet. But the fishermen brings in the sole in 80 pound boxes containing all sizes of fish and sells them as they run; not all are equally suitable for filet.

These examples must suffice to show the methods of what is coming in the parlance of the times to be called "scientific" price making by government.

It remains to explain how it is that the three parties came to agree to this drastic regulation. The fact is, so far as can be learned, they are all fairly happy about it. Obviously it is useless even for the law to fix a price for fish unless the fisherman fishes, the middleman middles, and the retailer retails. Perhaps of the three the fisherman is the least independent, for his boat with tackle represents an investment of some \$1,500 to \$2,000 which often is his "all." Still, there are other uses for boats; and he can fish for the canners. A few marginal fishermen, working or loafing or turning to some other job, make quite a difference in the marginal supply. Then, too, fisherman's luck comes in. Generally speaking a big catch even at lower prices gives him more earnings than a small catch. The basic unit is not the pound of fish caught but the result of the day's work. Obviously the "big catch" comes round more often when fishing every day than once a week. The long market gives steadier earnings. Obviously too the retailer, who has to have proper facilities for keeping the fish fresh, cuts his overhead per pound very rapidly if the turnover increases. To a less degree the wholesaler profits in like manner by the increase in the bulk handled. Getting the people to eat more fish was the key to success. Fortunately for the movement it struck a time when, owing to the high cost of living and the patriotic impulse to conserve non-perishable foods, the people were very much in a mood to listen to the call "eat more fish." The daily publication of fish prices, hints as to what is most abundant each day, information as to new varieties not well known, have been eagerly accepted. A greater quantity of fish is being eaten and, what is more, its use is not confined to Friday. Even in small places the retailer now often carries some fish every day in the week. It is difficult to strike any average of prices, for the "season," the "run," and so on have a great influence. Yet there is no question but that the prices of fish are below what they were under corresponding conditions be-

fore the fish bill was put into effect, and that in face of the fall in the purchasing power of money. So far the fish market experiment is a success.

III

Summary

Coöperation has been in the main the director's weapon. Co-operation is not a magic wand which creates something out of nothing. No mere change of system, from "commercialism" to coöperation, will *per se* save or make money. The gain, or saving, made by eliminating misdirected shipments, or ill informed and reckless competition, can be made by intelligent middlemen as well as by coöperative associations. The saving made by sheer size of the marketing organization, under the law of "diminishing cost," can be made by a big commercial house at least as well as by a big coöperative association. In fact, there is a lot of waste motion, of slack, in all coöperative associations—too much debating, too many committees. Nor is there any inherent reason why the gains and savings brought about by government action in the cases under review could not have been attained entirely by private initiative, whether through the old type of middlemen or by co-operation. In this case government intervention stimulated private action.

The money which the successful coöperative association of growers pays to its members as a profit over what they would get if the business of packing and marketing were as well done by middlemen is compensation for services, for work done by the members themselves, which under the other system they hired middlemen to do and paid them for doing. The question whether coöperative packing and marketing is fundamentally better than the other method turns entirely upon whether the members of the coöperative growers associations can or cannot use the strength and time which they put into the running of their associations to as good advantage in any other way. In fruit growing the orchards need comparatively little attention during quite a period after the crop is harvested. During this period the grower has some free time which he can devote to other work than the care of the trees, and it appears that the marketing of his crop is a line of other work into which he is most likely to put his heart. If he does this rather than take a vacation or hunt other work in which he has no such

vital interest there is clearly a social profit which he earns. If, as is usually the case, his general intelligence and knowledge, is increased by the education this new work gives him, there is still further gain. Not all members need to participate, but many actually do in varying degree. This seems to be the convincing argument in favor of coöperation.

Does the coöperative movement need government aid or control? Does it need help at the start only, as an infant industry needs a protective tariff, or all the time? Again, does society need to be protected against the selfishness or short-sightedness of monopolistic coöperation?

Coöperative associations spring quite readily and almost spontaneously into existence when conditions are admittedly bad. They die as readily unless the new organization shows immediate, favorable results. Moreover, only those associations have survived which have obtained a substantial monopoly. Large size is essential. Permanency requires continued loyalty of members, for disintegration cannot be prevented by mere written contracts. Loyalty rests on confidence in the management, and that in turn on tried business ability. If some man (or men) does not arise in the association of sufficient personal force to lead and business ability to direct, and usually with a willingness to make considerable personal sacrifices for the general good, confidence soon wanes and loyalty disappears. Then contracts become "scraps of paper." If the outside buyer can offer terms that pay off the mortgage on the land, or the capital stock investment required to bind the members to the association, there are likely to be some who are tempted. It is in inspiring confidence that the first function of the government director is found. His position as a government official inspires respect and lends weight to his advice. If nothing else, he affords a medium through which divergent interests or factions may be brought to meet each other, and often the meeting will result in reconciliation. It appears, then, that the market director may not only aid in the beginning but that he has a permanent function. Obviously he must be one whose personality commands the same sort of confidence which the successful coöperative manager needs.

The coöperative association must have a substantial monopoly in order to live. Herein, of course, lies a menace to the consumer. So far all the evidence relating to the California experiment points to a small reduction in prices to the consumer, and, what is perhaps

more important, a greatly enhanced and improved service to him, as a result of coöperative marketing in general and of that under the guidance of the market director.⁹ Several things seem to promise the safe-guarding of these gains. The most important is that the best asset such an association can have is good-will. To sell frosted oranges means loss of trade the next year. The grower's trees are a heavy investment and he naturally takes the long run view. The demand is very elastic, while the supply each year is a fixed fact. The grower has comparatively little to gain in normal years by withholding fruit from sale. In view of this it seems hardly possible that the state-fostered coöperative monopolies will become a Frankenstein. But there is the possibility that some day the market director may have to discipline his progeny as does every other father.

There is one feature of the work of the market director that is very important and that was passed over with slight mention in connection with the different products discussed above, because it would have involved unnecessary repetition. That feature is inspecting and grading, and certifying to grades. In the interest both of the grower and of the consumer this is obviously better done by government authority than by any private packer or dealer. The director is working toward this end, in that he is supplementing a long line of legislation becoming gradually more and more strict as time passes. For example, the state now has a law grading oranges and forbidding the marketing as sound fruit of any oranges that do not come up to a high standard of quality. The principle is so simple that further discussion seems unnecessary.

The experiment with legal price fixing in the case of fish has been lauded as "scientific." It is at bottom the art of gauging, in the light of day to day experience, the prices that will carry off the supply. It is conducted with the great advantage that the success or failure of the price is known within twenty-four hours. This is the case with but few commodities. Another advantage is that the supply is a known fact when the price is fixed. The only estimate

⁹ This year, 1917, the new prune and apricot growers association is reported to have fixed a price below that of the commercial packers. How much of this is the result of the packers' efforts to break down the association is not clear. More clear-cut is the action of the raisin growers in fixing a "fair" price regardless of the possibility of a decided rise under the market conditions.

is that applying to the demand. Yet government price fixing even under the favorable conditions that prevail here seems to break all the accepted rules as to the proper scope for such interference. Fish is not a necessity; it is only a satisfactory substitute for dear but customary necessities. It is doubtful if it ever was a monopoly, and it certainly is not necessarily so, for the ocean teems with fish and every one has free access to the ocean. There is and always was an almost instantaneous response to price changes. On the other hand, the marketing methods were inefficient and deep ignorance of the market prevailed. The market director has removed that ignorance by becoming a common center for the three parties most concerned, the fisherman, the wholesaler, and the retailer. Yet, after all, the startling success of the experiment rests to some degree on the extraordinary conditions of the time. It may be that it will become permanent—eating fish may become a habit.

Addendum

On October 22, 1917, the day the manuscript of this article was finished, occurred the formation of the California Federation of Farmers' Coöperative Associations, under the guidance of the market director. This was at once joined by eight associations, which are among those mentioned in this article. It is formed to care for the common interests of the various associations. As set forth in the agreement, the common interests include the interchange of ideas and the collection of data relating to coöperative organizations, including legislation and court decisions. It plans, among other things, for the joint employment of brokers and salaried agents in the eastern markets, the maintenance of an all-year-round sales organization, the education of retailers as to the handling of products (this applies mainly to fresh fruits and vegetables), the joint purchase of supplies, the strengthening of the credit of the members, the maintenance of a joint labor bureau, and for a joint advertising campaign. The director has high hopes for the future of this new organization. He says: "The Federation should develop into a giant of giants of coöperative marketing associations, that may become an object lesson to the whole world."

CARL C. PLEHN.

University of California.

PRICE MAINTENANCE

Among the problems connected with market distribution of commodities, none has received more attention during the past few years than that of legalized maintenance of resale prices.¹ At each session of Congress during the past few years bills have been

¹The mass of controversial literature upon the subject of price maintenance is very large indeed. This article is based chiefly upon the large volume of evidence which has been printed as a record of various hearings before the Committee on Interstate and Foreign Commerce of the House of Representatives. The titles are: (a) Hearings before the Committee on Interstate and Foreign Commerce, House of Representatives, Sixty-third Congress, Second and Third Sessions, on H. R. 13303, dated February 27, 1914, to January 9, 1915. Hereafter abbreviated Report I. (b) Hearings before the Committee on Interstate and Foreign Commerce of the House of Representatives, Sixty-fourth Congress, First Session, on H. R. 13568, dated May 30 and June 1, 1916. Hereafter abbreviated Report II. (c) Hearings before the Committee on Interstate and Foreign Commerce of the House of Representatives, Sixty-fourth Congress, Second Session, on H. R. 13568, January 5 to 11, 1917. Hereafter abbreviated Report III.

These three reports contain much duplication, through testimony of the same witnesses and reprinting of the same documents. Yet they furnish the greatest fund of information as to the attitude of various interests advocating or opposing the legalization of price maintenance.

Scientific study of the subject is reflected in the *Proceedings of the American Economic Association*, Annual Meeting, December, 1915, at which a paper was presented by Professor F. W. Taussig and discussed by several economists; and in the article by William F. Gephart, *Some Economic and Legal Aspects of Fixed Prices*, Washington University Studies, vol. III, pt. II, no. 2, April, 1916.

The Chamber of Commerce of the United States has issued in pamphlet form the report of a committee appointed to investigate the matter, which contains a fund of information, especially on the legal aspect of resale price maintenance, presented at the Fourth Annual Meeting, Washington, February 8-10, 1916. Business interests have also carried on an active propaganda. The publications of the American Fair Trade League, the organization of the proponents, and the National Trade Association, that of the opponents, are for the most part reprints of government testimony and add little new material.

Trade magazines and newspapers contain numerous references and articles on price maintenance. The *Hardware Age*, the *Journal of Commerce and Commercial Bulletin*, *Printers' Ink*, *Publishers Weekly*, and *Women's Wear* have all devoted considerable space to the subject, the last named having reprinted practically in full the testimony of witnesses before the Federal Trade Commission, in October and November, 1917. The full record is said to cover some 1300 typewritten pages and probably will not be issued as a separate report.

introduced for the purpose of legalizing the practice;² while the Federal Trade Commission has been holding hearings recently in order to determine its jurisdiction and its attitude toward price maintenance and price cutting.³ The alignment of interests for and against the principle is not illuminating from either a business or a political standpoint. Further, the close connection in certain conspicuous cases before the courts of the rights of patentees or of special privileges complicates matters; while the fact that the question of combination has been present in a few cases tends to obscure the issue still more.

Price maintenance is the term applied to the marketing policy which consists of the imposition by the manufacturer of restrictions upon the price at which an article identified by trade-mark, brand, copyright, or patent may be resold by a purchaser⁴ or sub-purchaser. Since price maintenance refers solely to the class of identified goods, the policy does not affect the great bulk of commodities entering into commerce, nor do the manufacturers as a

² Cf. *infra*, p. 28.

³ The hearings were held, October 3-4, 23-24, 31; November 1 and 14, 1917.

⁴ Professor F. W. Taussig confines his discussion of price maintenance to the "practice among manufacturers of prescribing the price at which their products shall be sold by retail dealers." Cf. *AMERICAN ECONOMIC REVIEW* Supplement, March, 1916, p. 170. The same principles are said to apply if resale prices of jobbers are prescribed. According to Dr. Paul H. Nystrom, *Economics of Retailing*, p. 255, it consists essentially of the limitation placed upon middlemen or dealers not to resell at more or less than a certain price named by the manufacturer or producer. The Report of the Committee of the Chamber of Commerce of the United States notes in the majority report (Report of Committee, p. 20) that they consider only the control of resale prices "upon identified merchandise made and sold under competitive conditions." In commenting upon Professor Taussig's definition, Professor Paul T. Cherington modifies the definition to read, "Price maintenance is the arrangement by which manufacturers of identified merchandise, made and sold under competitive conditions, agree with some or all of the distributors concerning the price at which it is to be resold." *AMERICAN ECONOMIC REVIEW*, Supplement, March, 1916, p. 200. But the mass of evidence presented before government bodies contains little or no reference to an "agreement" as the basis for price fixing. It is usually assumed that the price will be fixed solely by the manufacturer, not without reference to costs of distribution; although such costs are to be estimated by the manufacturer, not given to him by any particular set of retailers. Cf. for instance the statement of William H. Ingersoll before the Federal Trade Commission as to the position of the retailer. In addition the "agreement" of manufacturers, whether oral or written, with retailers would raise the question as to legality with respect to our antitrust laws. On this point, *Dr. Miles Medical Company v. John D. Park & Sons*, 220 U. S. 373, is of interest.

whole ask for it. Any departure in a downward direction from the market price, the customary price, or that fixed by the producers for resale is to be classed as price cutting, and the resulting prices are called cut prices. Cut prices may be placed upon all articles handled by a distributor, or only on a few. Since the strength of price appeal is enhanced when the consumer is acquainted with the goods, cut prices upon advertised articles are the more successful in attracting attention. Necessity for quick sale, lower costs, the adoption of the policy of rapid turnings of stock at low rate of margin may all lead to the reduction of prices upon identified merchandise. The advertising and selling of an identified article at less than the fixed price, or even at less than cost, for the purpose of inducing the purchaser to buy unidentified merchandise at a large profit to the retailer is sometimes distinguished from other reduction by use of the term *predatory price cutting*.⁵ Though it is evident that this is not the only motive, in most of the discussion upon price cutting, predatory price cutting is the only type considered. Also it is often assumed that price maintenance is the opposite of price cutting,⁶ whereas freedom of seller to maintain or vary prices as he sees fit is logically opposed to fixed resale prices.

Virtually all schemes of distribution are used in the marketing of identified goods. Where a manufacturer or his bona fide agent sells directly to the consumer, the question of resale price maintenance cannot arise,⁷ because the manufacturer can fix his price to the consumer. Nevertheless, this method of marketing is not available for most manufacturers and may be uneconomical; it requires a large capital to be invested in a specialized distributing organization, which can often be only partially utilized. In selling direct to retailers the maintenance of resale prices up to recently has presented no great difficulty, because apparently the manufacturer could select his customers; therefore, having the right to refuse supplies to such as fail to maintain prices. Most manufacturers find it inadvisable to sell or to attempt to distribute

⁵ Chamber of Commerce of U. S. Report, p. 13.

⁶ Cf. Cherington, *AMERICAN ECONOMIC REVIEW*, vol. VI, no. 1, Supplement, pp. 201, 202.

⁷ For instance, in the distribution of many specialties, especially those which require demonstration, cash registers, typewriters, pianos, adding machines, and in some cases automobiles. Some identified commodities are distributed through chains of retail stores belonging to manufacturers: Douglas shoes, Regal shoes, Huyler's chocolates, etc.

goods without the aid of the wholesaler as well as the retailer, while in some cases identified goods pass through the hands of a manufacturer's agent before reaching the wholesaler.⁸ Consequently, in the subject of price maintenance all classes of middlemen have an interest, as well as the consumer.⁹

Price maintenance has developed in part as a concomitant of national advertising. It is needless to demonstrate the fact that during the past twenty-five years the amount of advertising by manufacturers direct to the consuming public through publications, especially those which have acquired a national circulation, has enormously increased. Two reasons may be assigned for national advertising; first, the desire of the manufacturer to increase the volume of his sales; second, the desire to secure the market and become semi-independent of middlemen. When the ultimate purpose of creating consumer demand has been accomplished, it is supposed that the manufacturer will find it much easier to secure the coöperation of middlemen; or will in a way be in a position to compel jobbers and retailers to handle his product. That resale prices in lines such as toilet goods, proprietary medicines, machinery and specialties of various types have been frequently controlled since the latter part of the nineteenth century is revealed by the various cases which have come before the courts, especially with respect to patented articles upon which price restrictions were imposed in various ways.¹⁰ Trade-marked articles have been less often subject to such restrictions. But with these, as well as with patented or copyrighted articles, decisions of the Supreme Court have declared some of the popular forms illegal. The comparatively small amount of readjustment after these decisions would seem to indicate that the policy of restricted prices was not followed by an overwhelming majority of trade-mark or even patent owners. At present the policy of fixing resale prices

⁸ Cf. L. D. H. Weld, "Marketing Agencies between Manufacturer and Jobber," *Quarterly Journal of Economics*, vol. XXXI, pp. 586-589 (Aug., 1917).

⁹ No less an authority than Mr. (now Justice) Brandeis has contended that the maintenance of uniform prices by manufacturers is the logical extension of the one price system in retail stores. (Report I, p. 13; Report II, p. 204.) One of the principal opponents of legalized price maintenance is Marshall Field and Company, also pioneer in the one price system. The multiprice system in retail stores, resulting in discrimination between customers, has no basis in varying costs of distribution, which lack of uniformity of prices between stores may have.

¹⁰ Cf. various decisions of Supreme and other courts cited, *infra*.

has been abandoned by numerous producers because of adverse judicial decisions against the methods used.

The history of price maintenance can be traced clearly in the book trade.¹¹ With the exception of a few local organizations of retailers which attempted to maintain prices, the book trade operated with no restrictions upon resale prices until about 1900. Following the example of the book trade in England, Germany, and certain other countries on the continent, two combinations, first one of publishers, then one of booksellers, were formed to establish a fixed price system and abolish the system of unrestricted discounts. A plan was formulated by the publishers' association and ratified by the booksellers' combination, whereby a net price system was adopted. A boycott arrangement was provided to punish those who failed to comply with the rules.¹² The association encountered serious opposition, in particular from a New York department store, Macy's, owned by Straus and Straus. Contrary to regulations, Macy's proceeded to cut the prices of net books. The association then applied the boycott provided for such cases; so that it was only by buying in small lots at great expense through agents stationed in various cities in the United States that the department store could secure books to supply its customers. In 1903 Macy's¹³ took the matter to the courts, beginning a period of litigation which was ended a decade later. Macy's won a complete victory. The combinations were declared unreasonable restraint of trade and contrary to the Sherman law, and Macy's was awarded damages.¹⁴ As a consequence of its failure to secure legal recognition for the principle for which it had primarily been organized, either by the courts or by statutory enactment, the American Publishers Association voted to dissolve in the fall of 1914. Since that time the individual publishers have

¹¹ Cf. H. R. Tosdal, "Price Maintenance in the Book Trade," *Quart. Journ. Econ.*, vol. XXX, pp. 86 et seq. and the references there given.

¹² Much information to be found in the reports of Macy cases; *Bobbs-Merrill Company v. Straus*, 139 Fed. 155; and *Bobbs-Merrill Company v. Straus*, 210 U. S. 339. Cf. also 231 U. S. 222. References to other sources may be found in the footnotes to the *Quart. Journ. Econ.* vol. XXX, pp. 101 et seq.

¹³ This department store has been one of the most prominent opponents of legalizing price maintenance. Either members of the firm or their counsel, Edmund E. Wise, have appeared at all the hearings before the House Committee on Interstate and Foreign Commerce and the Federal Trade Commission. In addition, they have been involved in several suits, especially with publishers and the Victor Talking Machine Company.

¹⁴ 210 U. S. 339 (1908), 231 U. S. 222 (1913).

worked more energetically for statutory legalization of the fixed price system.¹⁵

Examination of the controversial literature shows that the advocates of price maintenance are much better organized than the opponents. Under the name of the American Fair Trade League an active propaganda has been carried on to create public sentiment in favor of fixed resale prices and to further the passage of bills to legalize and facilitate the practice.¹⁶ Representatives of retailers, manufacturers, and jobbers are found in its list of officers and committees. Opposition to the policy of resale prices has been more recently organized in the body known as the National Trade Association.

Price maintenance is not solidly backed by any class of middlemen or manufacturers. Manufacturers of nationally advertised identified articles are, as might be expected, strongly in favor of legalization of the practice;¹⁷ while they are actively seconded by the periodical interests, generally those with national circulation.¹⁸ Nevertheless, some manufacturers of advertised goods have gone on record as opposed, while many more have not committed themselves. Manufacturers of unbranded or unidentified articles have no direct interest in the question and have not expressed themselves one way or the other.

Wholesalers and jobbers have in general kept aloof from discussions. A few wholesalers' associations in the drug, dry goods, automobile and automobile accessories, and jewelry trades; sectional or state associations of jobbers in these and the grocery, hardware, clothing, talking machine, and electrical supplies industries have declared for the policy; while the opposition has been noncommittal.¹⁹ In general it may be said that the attitude of job-

¹⁵ *Ibid.*, p. 106.

¹⁶ The league also has other purposes.

¹⁷ In the testimony for price maintenance, representatives of such manufacturers have been active. Counsel for the Ford and Packard automobile concerns; F. N. Nash, sales manager, General Chemical Company; Charles P. Miller, counsel, Howard Watch Company; representatives of Cluett Peabody; Victor Talking Machine Company; Colgate; E. T. Welch Company; B. V. D. Company; and the Mennen Company have been among those urging the legalization of price maintenance at various hearings.

¹⁸ The Curtis Publishing Company, *Printers' Ink*, and *Publishers' Weekly* are among those actively favoring price maintenance. They represent the attitude of national advertisers.

¹⁹ A list of the organizations, which are said by the American Fair Trade League to have endorsed the objects and aims of the Stephens bill for legal-

bers is not revealed in the evidence, though it might be reasoned that if price cutting were to the sole advantage of newer types of retailers, jobbers would be solidly advocating the bill to legalize price maintenance, because newer types are characterized by the tendency to dispense with jobber help.

Retailers as a whole are not united upon the question, nor are the different classes of retailers. It seems that many small independent retailers²⁰ are advocates of fixed prices, while department stores, chain stores, and mail order houses are opposed.²¹ Yet some independent retailers are opposed,²² while a number of department stores have gone on record as favoring fixed prices.²³ Nevertheless, it seems that the vast majority have not expressed themselves one way or the other. The referenda of the chambers of commerce and associations are to be taken with considerable reservation; many organizations went on record as favoring the measures by a small majority, inadequately understanding either price maintenance or the fact that disapproval of fraudulent advertising does not imply approval of price maintenance.

As is usual in discussions of questions of this character, the consumer plays little part directly in the various hearings or in the propaganda. The bulk of evidence submitted by representa-

izing price maintenance, containing the names of several hundred national, sectional, and local associations of business men, most of them retailers, but including a few wholesale organizations, is to be found in Report II, p. 48, and in a leaflet issued by the league. A shorter list was also submitted by Mr. Brandeis, Report I, p. 65. In addition, voluminous testimony on the part of representatives of retail organizations and of individual firms is to be found in all the reports of hearings. The position of the American Booksellers Association in favor of legalized price maintenance is to be contrasted with the opposing attitude of the American Library Association. The references in the *New York Journal of Commerce and Commercial Bulletin*, *Publishers' Weekly*, and *Printers' Ink*, as well as in the press in general, are so numerous as to make specific references inadvisable.

²⁰ Cf. note 19.

²¹ Representatives of the Jordan Marsh Company of Boston, the Rike-Kumler Company of Dayton, Marshall Field Company of Chicago, and the R. H. Macy Company were among those who have actively opposed the legalization of price maintenance and have appeared at government hearings upon the subject.

²² The National Retail Dry Goods Association has gone on record as opposed; it includes small as well as large retailers.

²³ E.g., the Bloomingdale, Altman, Gimbel and Wanamaker department stores in New York; Shepard-Norwell, R. H. White department stores in Boston.

tives of consumers seems to indicate their general opposition.²⁴ The American Federation of Labor²⁵ and the American Federation of Women's Clubs²⁶ have recorded their opposition to legalizing price maintenance. However, testimony to the effect that consumers favor the policy is not lacking, though its value has been questioned.²⁷

Price Maintenance and the Law

The policy of maintaining resale prices primarily is an economic policy, not a legal question. Nevertheless, in one form or another it has come before the courts upon numerous occasions. The legal history of price maintenance is full of inconsistencies and contradictions; of differences of opinion among judges and among inferior and superior courts. Seldom has price maintenance been judged solely upon its merits or demerits as a marketing policy from the point of view of public welfare. The majority of cases involve articles protected by the patent or copyright statutes in which the question of the legal rights of patentee or copyright holder figure more prominently than the economic expediency of the practice. A few cases deal with articles manufactured under secret processes, while others have involved the

²⁴ Professor Samuel McCune Lindsay's testimony before the Federal Trade Commission, October 3, 1917, represents the opposing attitude of numerous consumers' organizations. Cf. report in *Women's Wear*, October 4, 1917, p. 17.

²⁵ Letter of Mr. Samuel Gompers to Mr. John W. Hahn, secretary of the National Trade Association, dated July 11, 1916.

²⁶ Cf. Miss Wood's testimony, January, 1917, before the Committee on Interstate and Foreign Commerce; and November, 1917, before the Federal Trade Commission. Cf. Report III, p. 283 *et seq.*; *Women's Wear*, November 15, 1917, p. 19.

²⁷ Mrs. Christine Frederick, an editor of the *Ladies' Home Journal*, has testified as representing the consumer upon several occasions in support of price maintenance. The Curtis Publishing Company, which publishes the *Ladies' Home Journal* and other publications which are favorite media for national advertisers, is very strongly in favor of price maintenance. For Mrs. Frederick's statement, cf. Report I, p. 136 *et seq.*; Report II, p. 148; and for testimony before the Federal Trade Commission, see *Women's Wear*, October 29-30, 1917. Mrs. Julian Heath, president of the Housewives League, has testified as representing the sentiment of "women in America" in the public hearings, Report II, p. 184, but the disinterestedness of her testimony was called into question in the hearings held early in 1917 (Report III, p. 97 *et seq.*; reprinted by the National Trade Association. Rebuttal, Report III, p. 595 *et seq.*) by allegations that Mrs. Heath and the Housewives League were subsidized by large manufacturers, advocates of price maintenance.

question of combination for the purpose of securing the maintenance of fixed prices. Decisions upon the legality of fixed resale prices upon articles identified only by trade-marks have been rare in our courts.²⁸

Because of the conflicting decisions the legal status of price maintenance is by no means settled. The courts seem to be opposed to it; the majority of binding decisions are at present contrary to the popular methods of enforcing the maintenance of resale prices. The following statements indicate briefly the present situation:

1. Combinations of manufacturers to maintain resale prices are in unlawful restraint of trade, and contrary to the Sherman act, even though articles be manufactured under special privileges granted by patent or copyright statutes. Furthermore, by a system of contracts, a single manufacturer may effect a combination with his jobbers and retailers which the courts will hold an unlawful restraint of trade.

2. The possession of patent or copyright privileges does not give the holder the right to restrict the sale by mere notice placed upon the article to the effect that it shall be sold at a certain price. Failure to comply does not constitute an infringement of the rights of the owner of patents or copyrights.

3. Courts are not agreed as to the legality of various methods of restricting resale prices by contract. Agreements or contracts between the manufacturer and distributor with regard to the fixation of resale prices will not be enforced by the courts if the method used results in unreasonable restraint of trade. Systems of contracts with jobbers and retailers have been held unlawful; but in certain cases it has been held that contracts as to resale prices are valid as to the immediate vendee, but not as to sub-purchasers. If the sale is full and complete in spirit if not in form, the courts

²⁸ In addition to the reported cases (*q.v.*), summaries of the law relating to price maintenance may be found in the Report of the Committee of the Chamber of Commerce of the United States, Majority Statement of Law, pp. 24-42 (also reprinted in Report III, p. 537 *et seq.*); Minority Statement of Law, pp. 43-78, 79-85. Also *cf.* Gephart, p. 172 *et seq.* and *The Legal Status of the Maintenance of Uniform Resale Prices*, a brief prepared by Charles L. Miller, for the American Fair Trade League, dated January 15, 1916 (reprinted in *Publishers' Weekly*, May 6, 1916, p. 1439 *et seq.* and in Report II, p. 57 *et seq.*). A brief statement is contained in an article by Charles L. Miller, *University of Pennsylvania Law Review and American Law Register*, November, 1914 (reprinted in Report I, pp. 139-145). Fairly complete reports of the principal cases are to be found in the files of the *Publishers' Weekly*.

will frown upon any attempt to impose restrictions without specific contract. Courts have come to no agreement as to the various methods of sales by contract in which only limited title is passed to the purchaser. But the selling of a license to use rather than the article itself has been declared unenforceable by the Supreme Court as a means of controlling resale prices.

4. The individual manufacturer of a trade-marked or secret process article does not possess the lawful right to restrict the resale prices either because he is the sole producer of the identified article or by virtue of his possession of a trade-mark or secret process.

5. Whether or not the manufacturer of a trade-marked article may attempt to enforce a fixed price by withholding supplies from a dealer who refuses to adhere to the price fixed is not fully decided. The matter is now up for adjudication.

6. The federal courts have not decided clearly the status of price cutting as an unfair trade practice under the common law and the Clayton act, while state courts are not agreed.

More detailed discussion of the foregoing points follows:

1. The maintenance of resale prices by means of a combination of manufacturers has been declared in restraint of trade and contrary to the Sherman act. An agreement of publishing houses to maintain resale prices on both copyrighted and uncopyrighted books was found to be illegal as to uncopyrighted books by state courts, while the Supreme Court of the United States in affirming this decision declared that the copyrighted books were not outside of the Sherman act because of special privileges to copyright holders.²⁹ The use of patents, or license schemes as a means of effecting combination to fix prices has also been declared illegal. Combination of manufacturers bound together by agreements or licenses concerning the use of patents has also been held to be illegal, notably in the so-called bathtub cases.³⁰ It has been held further that the combination to be in restraint of trade need not be between competing manufacturers, but may be effected by a system of contracts between the individual manufacturer and his distributors.³¹

²⁹ 177 N. Y. *Straus and Straus v. American Publishers Association*, 231 U. S. 222. Also cf. *supra*, p. 32.

³⁰ *United States v. Standard Sanitary Manufacturing Company*, 226 U. S. 20.

³¹ *Dr. Miles Medical Company v. John D. Park and Sons*, 220 U. S. 373.

2. The decisions upon the legality of price maintenance by the individual manufacturer have in most cases hinged upon the method used. Considering only articles protected by copyright or patent statute, two methods have been adopted by various manufacturers in order to fix the prices of products of their manufacture. The first of these is the simplest, namely, that of placing a notice upon each article protected by copyright or patent to the effect that it may be resold only at a certain price, the notice usually stating that departure—a cut price sale—would be considered an infringement of the producer's exclusive rights.³² Such was the method used by certain book publishers prior to 1908 until the decision of the Supreme Court was rendered in the Macy cases,³³ in which it was held that the copyright act gives no additional right to limit by notice the prices at which the subject of the copyright should be sold. Nevertheless in delivering the opinion of the court, Justice Day pointed out that there was a difference between the patent and the copyright law, and that he would not embarrass the question of the patentee's right to control the price by passing upon it then, but he distinctly stated that the Supreme Court had never conceded or recognized any such right in the patentee. Also in the Dr. Miles Medical case the court again refused to pass upon the question of the right of the patentee in this respect.³⁴

The doubt remaining as to the right of the patentee to restrict

³² Cf. Charles L. Miller, *Legal Status*, etc., p. 6.

³³ *Bobbs-Merrill v. Straus*, 210 U. S. 339 (1908).

³⁴ The first reported decision upholding the right of the patentee to fix the resale price of articles made under his patent was in 1901 (*Edison Phonograph Company v. Kauffmann*, 105 Fed. Rep. 960). The foundation for this decision was the judgment of the court in the so-called Heaton Button Fastener case (77 Fed. Rep. 228, *Heaton-Peninsular Button Fastener Company v. Eureka Specialty Company*) in which it was decided that a patentee might restrict the use of his machine so that it might only be used with supplies of the patentee's manufacture. Extending the reasoning to the case at hand, the court held that the payment of a fixed price might similarly be made a condition of its use. This case and the cases which followed it held that a violation of the price condition amounted to an infringement of the patent. Until 1913 the lower federal courts followed the ruling of this case.

The Dick Mimeograph case (*Henry v. A. B. Dick Company*, 224 U. S. 1) seemed to strengthen this view. Statement of the case by M. H. Robinson, *AMERICAN ECONOMIC REVIEW*, vol. 2, pp. 720-722 (Sept., 1912). In a recent action the Federal Trade Commission has disapproved of the tying contract of the A. B. Dick Company whereby they or manufacturers of mimeographs controlled 79 to 86 per cent of the business in stencil duplicating paper in 1915. Whether this will operate as a reversal of these parts of the Supreme Court

by notice the resale price at which the patented article was to be sold was removed by the Supreme Court decision rendered in 1913 in the Sanatogen case; in which, contrary to the majority of decisions in the lower courts,³⁵ by a five to four opinion the majority of the court argued that the patentee did not possess the right to fix resale prices upon a patented article by mere notice without contract. The patent act by its wording grants to the patentee the exclusive right to make, use, and vend the patented article. It was held that the exclusive right to vend under the patent statute should be interpreted in the same way as the "sole liberty of vending" in the copyright statute.

3. The legal status of the second chief method of enforcing fixed resale prices, namely, that of agreements of contracts with the vendees, is by no means so clear.³⁶ It appears that until recently a patentee might legally contract with the immediate purchaser of the patented article that a fixed resale price was to be observed.³⁷ But the power of the patentee in actual sales ex-

decision not already nullified by subsequent decisions is not clear. *Publishers' Weekly*, June 23, 1917.

The Dick decision gave rise to a pressing demand for a revision of the patent laws so as to restrict the monopolistic rights of the patentee, and to the introduction of several bills into Congress, in particular the Oldfield bill, H. R. 23417, August 8, 1912. Cf. also Report of the Committee on Patents, 62 Cong. 2 Sess., House of Representatives, No. 1161, August 8, 1912; and article by G. H. Montague, *Harvard Law Review*, vol. 26, p. 128.

³⁵ *Bauer et Compagnie v. O'Donnell*, 229 U. S. 1, usually called the Sanatogen case. Statement of the case by M. H. Robinson, *AMERICAN ECONOMIC REVIEW*, vol. 3, p. 982 (Dec., 1913).

³⁶ In the simplest form the plan consists of contracts between manufacturers and wholesalers by the terms of which the latter agree to supply retailers at a stated price, and to sell only to such dealers as will agree to maintain the standard retail price. A second form consists of contracts with the jobbers requiring them to sell only to dealers approved by the producer, with whom the manufacturer contracts directly that, in consideration of their being supplied with his product, they will sell only at the retail price named by the producer. These and other variant forms have been applied by manufacturers to patented and copyrighted articles and to secret process and trade-marked articles as well. Cf. *Legal Status of the Maintenance of Uniform Resale Prices*, prepared by Charles L. Miller, p. 7.

³⁷ *Henry v. Dick* (224 U. S. 1), *Bement v. National Harrow Company* (186 U. S. 570) and *Victor v. The Fair* (123 Fed. 424) are cited as authority, which according to a recent decision in the case of the *American Graphophone Company and the Columbia Graphophone Company v. The Boston Store of Chicago* has been held not to be affected by the decision in the Sanatogen case. The Graphophone case has recently been appealed to the Supreme Court. The

tends no farther. He cannot by notice require also the observance of resale prices by subsequent buyers.³⁸

The decision in the Sanatogen case cleared away some of the misconceptions which remained after the Mimeograph case of 1912. But even in this case, the court left some ground for believing that a method of transfer, not sale, could be devised, under which, by reserving an interest in the article which had changed hands, the price which successive holders should pay for its "use" might be arbitrarily fixed. They found that the packages of Sanatogen were sold with as full and complete title as any article could have when sold in an open market, excepting only the attempt to limit the sale or use when sold for less than one dollar.³⁹ But the court hinted that the case might have been different had there been any showing of "qualified sale" for less than value for limited use, or had there been a transfer of a limited right to use the invention.

The most recent decision upon this point by the Supreme Court is that of the *Victor Talking Machine Company v. Straus*, rendered April 7, 1917. The principal point involved in the case was whether in disposing of its machines by giving a license only for "use" for royalties (during the patent term) and not outright title to purchasers, the Victor Company might thus lawfully regulate and restrict the distribution of the product. In a six to three opinion, the court held that the license was in reality a sale, that department store known as The Fair entered into agreements with the Graphophone Company to comply with list prices, but sold goods delivered to them by the company's agent at less than the official list. Suit was brought and the contracts were held valid in the Circuit Court of Appeals, Seventh District. The appeal to the Supreme Court was taken on the basis of four questions, among them being that of violation of rights of the patentee, and the possibility of lawfully reserving a part of the monopoly right to sell in connection with the act of delivering his patented article to another for a gross consideration. The contracts are alleged to be in restraint of trade. Cf. also *United States v. Keystone Watch Company*, 218 Fed. 502 (1915).

³⁸ *United States v. Keystone Watch Company*, 218 Fed. 502 (1915). The Keystone Watch Company attempted to restrict the prices at which the wholesaler and jobber might sell to the retailer and to this end made direct agreements with the jobbers. These were held valid. But the company went further and by mere notice to the retailer accompanying the box in which the watch was sold by the jobber attempted to fix the minimum price at which the retailer might sell to the consumer. No direct agreement was made with the retailer.

³⁹ That is to say, the title transferred was full and complete with an attempt to reserve the right to fix the price at which subsequent sales could be made. *Journal of Commerce and Commercial Bulletin*, January 17, 1916.

the royalties were full consideration, and therefore the case fell under the principles of *Bauer v. O'Donnell*.⁴⁰ Nevertheless, later decisions of lower courts have upheld a slightly different form of maintaining resale prices in which the manufacturer makes agency contracts with the retailers and thereby contracts that the goods shall be sold at a fixed resale price. In a suit brought by the Ford Motor Company in the Circuit Court of Appeals, its contract method of maintaining resale prices was upheld.⁴¹

4. The status of price maintenance as applied to goods not protected by patent or copyright was in certain respects settled in 1911 in the *Dr. Miles Medical* case. The method of notice has not been applied to goods protected merely by trade-mark or secret process; there seems to have been little doubt that the manufacturer of a trade-marked article could not enforce resale prices by mere notice.⁴² His right to enforce resale prices, especially

⁴⁰ The suit was started against the Macy concern in the District Court, Southern District of New York (222 Fed. Rep. 524) in March, 1915; the bill was dismissed by Judge Hand. Appeal was taken to the United States Circuit Court of Appeals, Second Circuit; the dismissal was affirmed, but with leave to amend (225 Fed. Rep. 535). The amended bill was dismissed September 15, 1915, by Judge Hough of the District Court, but upon appeal to the United States Circuit Court of Appeals, Second Circuit, the decision of the lower court was reversed (January 12, 1916), and an injunction to the manufacturers was granted, the opinion being rendered by Judge Lacombe, who also rendered the earlier decision in the *Cream of Wheat* case. This is the decision which is reversed by the Supreme Court. Upon the basis of this decision the Macy Company has sued the Victor Company under the Sherman act for triple damages amounting to \$570,000. The action brought in September of 1917 has not yet been settled. For facts of case, cf. *Publishers' Weekly*, April 14, 1917, p. 1217.

⁴¹ The Ford Motor Company brought suit against Benjamin E. Boone, Incorporated, of Portland, Oregon, to restrain the latter company from offering Ford cars at less than the regular prices. By a recent decision, October, 1917, reversing the decision of the primary court, the United States Circuit Court of Appeals for the Ninth Circuit holds that the Ford Company, under its agency contract, actually retains ownership of its cars until they reach the ultimate buyer and therefore has the right to uphold fixed resale prices. *Printers' Ink*, October 11, 1917, *et seq.*; *Publishers' Weekly*, October 27, 1917, p. 1427. In an earlier case involving the validity of the Ford Company's contracts, decided in December, 1914, *Ford Motor Company v. Union Sales Company*, the contracts were declared invalid. The cases were decided on technical grounds. Cf. G. H. Montague, *Printers' Ink*, December 2, 1915, p. 76 *et seq.*

⁴² Cf. *Dr. Miles Medical Company v. John Park and Sons*, 220 U. S. 405. "One who manufactures and sells articles of commerce cannot apart from statute control the resale or use of such articles by mere notice to purchaser or sub-purchaser. The common law has been opposed to such restraint upon chattels." 27 *Harvard Law Review* 73. Cf. also Benjamin, *Sales*, sixth edition, p. 746.

as against the retailer, by a system of contracts made with jobbers and retailers generally was also denied him. Systems of contracts were declared unenforceable on the ground that taken together and considered as a system of merchandising they constituted an unreasonable restraint of trade.⁴³ The right of the seller of a trade-marked article to fix by contract resale prices has been upheld in isolated cases by state courts.⁴⁴

5. Certain manufacturers of identified articles have attempted to enforce resale prices selected by judicious selection of customers; that is, by selecting those who made a practice of maintaining prices and refusing to sell to those who did not. The right of a manufacturer to refuse to sell to a price cutter is still undecided, although the right of vendors to select their bona fide customers is affirmed both at common law and by Section 2 of the Clayton act. The so-called Cream of Wheat case raised the question of the right of a single manufacturer to refuse to sell his product to a dealer who was not adhering to the fixed prices. The Cream of Wheat Company refused to fill further orders of the Great Atlantic and Pacific Tea Company because the latter persisted in selling the defendant's product below the standard price.⁴⁵ Pending the final suit for a permanent injunction against this form of discrimination, the Great Atlantic and Pacific Tea Company applied in the federal district court for a temporary injunction, which was denied, but upon appeal was granted in the higher court. Definite decision upon this point is to be expected

⁴³ The plaintiffs in the Miles and Hartmann cases were manufacturers of proprietary medicines who had secured contracts with a large part of the wholesale and retail druggists of the country. It was contended in the Miles case that the restrictions were not invalid, first, because they relate to proprietary medicines manufactured under a secret process; and second, because, apart from this, a manufacturer is entitled to control the prices on all sales of his own products (220 U. S. 400). The court held articles manufactured under secret processes have no special privileges over trade-marked articles.

⁴⁴ In the case of the *Fisher Flouring Mills Company v. C. A. Swanson* (76 Wash. 649), rendered by the Supreme Court of the State of Washington, the validity of oral contracts as to resale prices upon trade-marked flour was called into question. Mr. Swanson had sold flour at less than agreed prices; the milling company brought suit. The case is interesting because the decision was based entirely upon the court's view of public policy in the matter of price maintenance and price cutting.

⁴⁵ *Great Atlantic and Pacific Tea Company v. Cream of Wheat Company*, 224 Fed. 566 (1915). Cf. also Sumner H. Schlichter, "The Cream of Wheat Case," *Political Science Quarterly*, vol. 31, p. 392, *et seq.* The case is commented on in *Printers' Ink*, November 18, 1915, p. 61.

in a case now pending under an indictment by the Grand Jury of the United States at Norfolk against the firm of Colgate and Company, in which the government charges the company with refusing to sell its products to dealers who do not sell at the prices fixed by the company. This action, the government holds, suppresses competition among the distributors of Colgate products, as to the prices at which they shall sell, and creates a combination in restraint of trade, contrary to the Sherman act. This case is admittedly a test case because the government offered to withhold this prosecution if Colgate and Company would agree to discontinue the practices in question.⁴⁶

None of the decisions or cases mentioned interfere with the right of the manufacturer to establish selling agencies and so control the price.⁴⁷ Though it will not avail the producer to call the distributors agents where they in reality purchase the goods, and the transaction has all the elements of a sale,⁴⁸ there is no objection to the control of prices through bona fide selling agencies.⁴⁹ The reservation by the manufacturer of a substantial royalty in the selling price of an article is a second method open to the manufacturer who wishes to control his price. But both this and the agency method give the agent or distributor certain rights as to return and impose certain obligations and financial burdens upon the producer which such manufacturers are loath to accept. The producer is compelled to assume certain of the functions, either wholly or in part, which in direct sale are performed by middlemen; among these the assumption of risk and financing.

6. Whether price cutting and price maintenance constitute un-

⁴⁶ *Printers' Ink*, November 15, 1917, p. 121; *ibid.*, December 27, 1917, p. 26; *New York Journal of Commerce and Commercial Bulletin*, December 21, 1917. Complaint has recently been filed by the Federal Trade Commission against the form of "free deal" used by the Ward Baking Company, and against their practice of fixing and maintaining certain standard prices. *Printers' Ink*, December 27, 1917, p. 65. Likewise "refusal to sell" is cited as a chief weapon used to maintain prices in a complaint filed by the commission against the Mishakawa Woolen Manufacturing Company. *Publishers' Weekly*, December 21, 1917.

⁴⁷ Report I, p. 127. Cf. also *Legal Status*, etc., by Miller, p. 14.

⁴⁸ *Dr. Miles Medical Company v. John D. Park and Sons*, 220 U. S. 373; *United States v. Keystone Watch Company*, 218 Fed. 502.

⁴⁹ Justice Holmes in a dissenting opinion (*Dr. Miles Company v. John D. Park and Sons*, 220 U. S. 411) said, "That a patentee may create selling agencies and so control the price goes without saying."

fair trade is a broader question affecting the legal status of price maintenance.⁵⁰ Put in this way, the problem involves the broadest aspects of public policy; the technical questions of sale and bailment, rights of patentees and copyright owners, and restraint of trade are subordinated to the immediate consideration of present economic and social expediency. Fixing resale prices is regarded by some as unfair trade, while others hold that refusal to adhere to resale prices is subject to the same criticism.⁵¹ Common law has not unequivocally declared price cutting an unfair practice; neither have federal courts or the Federal Trade Commission passed upon the practice.⁵² New Jersey has adopted an Unfair Trading Practices act which seems to prohibit price cutting upon advertised articles upon which resale prices have been fixed, while other states have statutes which may be so interpreted.⁵³ The attitude of European countries toward price maintenance and price cutting differs in some respects from the attitude of the United States; there is a tendency to deal liberally with restric-

⁵⁰ Local price cutting has been declared an unfair competitive practice in the Standard Oil Company cases, likewise the use of "fighting brands." Both of these practices were employed by manufacturers with the intent to destroy competition. They must not be confused with the refusal to maintain fixed prices as a form of price cutting. The effect and basis of the last differ radically from the practices mentioned.

⁵¹ Fixing resale prices is regarded by some as unfair trade, among them Bruce Wyman, quoted in *Trust Laws and Unfair Competition*, Report, Bureau of Corporations, dated March 15, 1915, p. 317. Louis D. Brandeis is one of the best known advocates of the position that refusal to adhere to resale prices is unfair. *Ibid.*, p. 318; Report I, p. 4; Report II, p. 198.

Upon price cutting generally see *Trust Laws and Unfair Competition*; E. S. Rogers, "Price Cutting as Unfair Trade," *Harvard Law Review*, vol. 27, p. 139 *et seq.*; *Ibid.*, "Good Will, Trade-Marks and Unfair Trading," pp. 257-270.

⁵² There are at present a number of cases pending before the Federal Trade Commission in which this question is involved. Hearings were held in October and November, 1917, in order to secure information as to public opinion.

⁵³ The New Jersey statute passed originally in 1913 (Ch. 219, 1913, Statutes of New Jersey) and amended later (Ch. 107, 1916, Statutes of New Jersey), has been upheld by the New Jersey Court of Chancery in a suit, *Ingersoll v. Hahne*, for cutting prices upon watches upon which a notice as to resale price had been affixed.

Also consult the *Report on Trust Laws and Unfair Competition* for details as to statutes in other states, pp. 192-195.

The Report of the Chamber of Commerce of the United States, pp. 79-95, gives a long list of excerpts from state statutes, most of which bear upon the subject of combinations and trusts to restrict prices.

tions upon resale prices and in some cases to legalize the practice, or to declare price cutting unfair competition.⁵⁴

Whether price cutting will be finally declared unfair trade in this country will in the last resort depend upon the balance of advantage to the public. The various economic and social questions involved will have to be passed upon by the courts and by the Federal Trade Commission, and the social desirability of one policy or the other will be determined upon broader grounds than have been employed in most of the decisions upon such matters. It is probable that some classification of the various forms of price cutting will be evolved which will place certain forms in the category of unfair trade practices; others in the class of permissible; while in the absence of statutory enactment with specific enumeration a wide margin of doubt will persist, to be gradually dispersed as the number is increased.

As a consequence of the uncertain and, to them, unsatisfactory status of a number of the popular methods of enforcing the maintenance of resale prices, advocates of the policy have turned to legislation as the easiest and most effective means of securing satisfactory control of resale prices for manufacturers of identified articles. The first bill providing for the legalization of fixing resale prices by notice was introduced into Congress by the com-

⁵⁴ Information upon European conditions may be found in "Legal Status," etc., pp. 20-23; in the Report of the Committee of the Chamber of Commerce of the United States, pp. 30-32, 73-77; and in *Trust Laws and Unfair Competition*, pp. 579, 591, 650. In France a retailer may in general sell his goods at any price he chooses unless an agreement to the contrary has been made. Such agreements will be upheld. Failure to keep agreements or price cutting for the purpose of disparaging the value of another's goods have been held to constitute unfair competition. Agreements are binding only on the parties of the contract. Belgian courts in general follow the same principles. Contracts not to resell at less than certain prices are legal also in Germany; but the act of selling below the price fixed by the manufacturer in Germany is not of itself considered unfair competition at present (1915), although earlier decisions were not clear on the point. Whenever unfair means are used to obtain goods to sell at cut prices, the courts may deem the act of resale unfair. The English position is not clear, but the few decisions which have come from the courts seem to indicate the validity of contracts to fix resale prices. Denmark has specifically sanctioned the practice of fixed resale prices by statute. In the case of all European countries, however, the attitude toward trade restrictions, toward combination and the like is different from that in the United States, and their position upon price maintenance cannot be said to form an argument for the legalization of the policy in this country.

mittee on February 12, 1914, by Representative R. B. Stevens of New Hampshire.⁵⁵ Hearings were held at various times during the Sixty-third Congress by the Committee on Foreign and Interstate Commerce to which the bill had been referred, but no action was taken. Mr. Stevens was not returned by his constituency to the next Congress, but the bill was introduced late in 1915 without change by Representative Ayres of Kansas.⁵⁶ Early in the following year in slightly altered form a bill to legalize price maintenance by contract was introduced into the House of Representatives by Representative Dan V. Stephens of Nebraska,⁵⁷ and into the Senate a few weeks later by Senator Henry F. Ashurst of Arizona.⁵⁸ Since the bills were not reported out of committee, the bill was reintroduced by Representative Stephens in the early part of the Sixty-fifth Congress⁵⁹ and will undoubtedly remain as long as the favoring interests are so well organized, and until Congress and the public indicate more clearly their desires than they have up to this time. Senator Borah also introduced a measure into the Senate in 1916 which did not vary in its essential provisions from the Stephens-Ashurst bill, but it provided that the Federal Trade Commission should be allowed to regulate the prices charged by manufacturers.⁶⁰

The Stephens-Ashurst bill,⁶¹ which has formed the basis of most of the discussion, states that any producer who does not possess a monopoly over an identified article shall have the power to fix by contract the resale price for goods of his manufacture which must be maintained by wholesalers and retailers to whom he sells.

⁵⁵ Known as H. R. 13305. Hearings found in Report I.

⁵⁶ H. R. 4715, 64 Cong. 1 Sess.

⁵⁷ H. R. 9671, later H. R. 13568, 64 Cong. 1 Sess. Hearings held on May 30 and June 1, 1916, printed in Report II. Also H. R. 13569, 64 Cong. 2 Sess. Hearings held January 5-11, 1917, printed in Report III.

⁵⁸ S. 3945 and S. 5064.

⁵⁹ H. R. 212. In this connection, refer to speech of Hon. Dan V. Stephens in the House of Representatives, June 29, 1917.

⁶⁰ S. 5991, 64 Cong. 1 Sess. Representative Johnson also introduced an amendment to the Pure Food and Drug Act which affected price maintenance, and the Oldfield and Metz bills, having to do with patented and copyrighted articles respectively, are closely connected with the agitation for maintained prices. However, the Stephens-Ashurst bill has been the storm center of the agitation, and since it is the most inclusive, and has been most actively supported by certain members of Congress, is the one to which discussion is confined.

⁶¹ Text of bill may be found in Report II, pp. 3-4.

The machinery provided for securing such control of resale prices is very simple. The right is to be acquired by registering a schedule of the prices selected with the Federal Trade Commission and by paying a registration fee of ten dollars. It is provided that prices shall be uniform for all dealers of like grade and that there shall be no discrimination among retailers and wholesalers. Certain provisions are made for sale of the identified articles at lower than registered prices. Such a concession was found necessary in order that articles which had become less valuable because of change of style, damage, or for other reasons might be disposed of at less than the full fixed price. According to the bill, such articles were to be first offered to the manufacturer not less than thirty days before the date set for the disposal sale. The manufacturer was given the option of repurchasing the articles at cost, and only if he refuses to exercise his option may the goods be sold at less than the fixed resale price. If a dealer intends to discontinue the sale of certain fixed price articles or if he intends to go out of business, and the sale is made in the course of winding up the business, variations from the uniform price are permitted only when prior offer is made to the producer, and if written statements are filed at the office of the Federal Trade Commission giving reasons for such sale and the statement of the refusal of the producer to accept the offer of repurchase. Section 2 of the bill was not included in the first bills upon price maintenance introduced into Congress, but the numerous complaints of public libraries and different types of institutions practically compelled the insertion of a provision exempting libraries and societies or institutions for religious, educational, scientific, and certain other purposes from operation of the proposed law.

H. R. TOSDAL.

Boston University, College of Business Administration.

THE OVERDRAFT EVIL AS ILLUSTRATED BY CONDITIONS IN IOWA BANKS

One of the most striking relics of the slovenly banking practices of the period preceding the establishment of the national banking system is the very general practice of allowing individual depositors to overdraw their accounts. This indulgence is closely related to that leniency which formerly granted to borrowers a number of days, or even weeks, of grace for the payment of promissory notes beyond the time when such notes were due.

The motive underlying these indulgences is, in perhaps most cases, praiseworthy. It is the desire to be helpful and charitable; the determination not to be too hard on those in difficulties. But experience has shown that the welfare of the community, and generally of the individuals themselves, is in the long run best promoted by the establishment and maintenance of certain business standards which must be met, even though it be at the temporary inconvenience and disadvantage of the individuals in question. There is still, however, too much complacency on the part of many bankers in their attitude toward overdrafts.

The Comptroller of the Currency has emphasized, in each annual report during the last few years, the desirability of reducing the overdrafts reported by the national banks. In his annual report, dated December, 1916, he suggested, for example, that the national bank act be amended so that "the laws of the respective states in regard to overdrafts¹ be made applicable to national banks, and that the individual liability prescribed by Section 5239, United States Revised Statutes, shall be made applicable to any violations of this provision, and also that the officers of the national bank shall be required to bring before the directors, in writing, at each directors' meeting, a list of all overdrafts made since the previous meeting of the board."

Through the efforts of the Comptroller and his bank examiners, coupled with the desire of most bankers for improved conditions, the total overdrafts for the national banks in the United States have been reduced from \$27,460,769 in 1913 to \$7,839,000 on September 12, 1916. As is well known to every person familiar with banking practice, the total overdraft reported is in the case of all banks by no means as great as it actually should be, for many banks carry among their cash items checks which would

¹ In some states directors, officers, and employees of banks who knowingly overdraw their accounts are guilty of a felony and may be imprisoned.

overdraw the depositors' accounts if charged to them. It has been suggested that some banks may also, in order to avoid criticism, carry overdrafts as call loans; but it is questionable whether this is now done to any great extent. An overdraft could not properly be listed as a call loan unless the bank held the customer's signed note payable on demand. In such case there would be no overdraft and the transaction would be undifferentiated from that of an ordinary loan transaction. Some years ago, before the Banking Department took its stand strongly against overdrafts, it was the custom among some of the bankers in Iowa to include among the bills receivable of the bank many of the checks which would otherwise overdraw the accounts upon which they were drawn. This practice amounted almost to regarding the checks as notes payable on demand, but I am informed that such practice was never considered reputable, that the bank examiners always required that such items be immediately taken out of the bills receivable, and that the practice is rarely, if at all, indulged in now. In my own experience with banks in Pennsylvania a very similar expedient was occasionally adopted. When it was not desired to charge up a check which would overdraw the account it was sometimes carried along with other items to be collected, such as protested paper and past due notes. It thus was similar to a call loan except that in general it was useless to "call" unless the customer was ready to pay.

So far as national banks are concerned, the Deputy Comptroller of the Currency says, "If national banks grant overdrafts they must carry and report them as overdrafts and not as loans. In order to be reported as call loans the bank must hold an obligation of the party to whom the advance is made." Section 5211, U. S. R. S. requires that national banks shall report their resources and liabilities under appropriate headings on the form prescribed by the Comptroller of the Currency, and the intentional reporting of overdrafts under any other than the correct heading would constitute the making of a false report, and subject the party guilty thereof to the penalty prescribed in Section 5209.

The reasons for the persistence of this slovenly banking practice and the seriousness of the problem of overdrafts in the average banker's conduct of his business will stand out in relief best if we study the problem where it is found in its greatest magnitude. This is in Iowa.

There are three main types of banking institutions in Iowa: (1) national banks, (2) state banks, and (3) stock savings banks.

The two latter types are organized under state laws, as are also the few trust companies which are to be found in the state. In addition there are private banks operating without charters and subject to no regulation. In this paper attention will be confined almost exclusively to the national, state, and savings banks, because the trust companies are relatively unimportant and the private banks, for the most part, furnish no reports.

On June 30, 1916, the total of overdrafts in all reporting banks was larger in Iowa than in any other state of the Union, being \$2,657,000. The only other states in which overdrafts amounting to more than a million dollars were reported were Mississippi \$1,477,000, Georgia \$1,421,000, Missouri \$1,420,000, New York \$1,110,000, Nebraska \$1,100,000, and Illinois \$1,052,000. On this date there were 1,693 banks, excluding private banks, in Iowa, so that if the overdrafts were distributed equally among the banks each institution in the state would have had on that date overdrafts amounting to \$1570.

That this leadership in the total of overdrawn accounts was not unusual for Iowa can be seen by reference to the figures for previous years. According to the reports of the Comptroller of the Currency, the states which led in the amount of overdrafts were as follows:

June 7, 1911

Texas	\$6,710,953
Mississippi	3,433,858
Iowa	2,983,698
Illinois	2,842,393
Louisiana	2,329,696
Georgia	2,046,700

In no other states did the total approach \$2,000,000.

June 14, 1912

Texas	\$4,531,864
Iowa	3,300,364
Mississippi	2,610,836
California	2,320,855
Utah	2,088,042

June 4, 1913

Iowa	\$3,581,156
Illinois	3,012,517
Mississippi	2,915,053
Texas	2,269,494
Missouri	1,827,764
Georgia	1,682,823
Utah	1,317,905

June 30, 1914²

Iowa	\$2,008,289
Missouri	1,731,782
Mississippi	1,338,021
Illinois	1,228,519
Georgia	1,207,952

June 23, 1915

Iowa	\$2,257,738
Missouri	1,565,044
Georgia	1,061,118
Tennessee	1,042,813
Nebraska	976,336
New York	949,253

In the foregoing totals the overdrafts permitted by private banks are excluded, since the results reported for those banks by the Comptroller are admittedly incomplete. It is estimated that only about half of the private banks in the country furnish any data to the Comptroller. The figures as given show that every year the same states usually appear as the worst offenders. Iowa in 1911 occupied third place; in 1912, second place; and since then has each year had the questionable honor of maintaining a clear leadership over the banks in all other states.

What is the explanation for the fact, which appears from the above statistics, that, while all states report some overdrafts, a certain small number of the states are constantly preëminent in this bad banking practice? A glance at the foregoing list impresses one with the fact that almost without exception the banks which offend worst in the practice of allowing overdrafts are those located in agricultural states, or, to be more accurate, in states having a large portion of their population in the rural districts.

It is well known that in agricultural states the banking institutions chartered by the states are in almost every case more numerous than the national banks located therein. There are several reasons which have frequently been set forth, and which therefore do not need repetition, to explain this relative unpopularity of national banks in agricultural regions. Here it may be thought we have a clue. It might be suggested that overdrafts are larger in these states because in the main their banking institutions are not

² These figures do not include the overdrafts reported by national banks since such figures could not be separately obtained. They were included in the Comptroller's report with other loans.

under national control but are under state regulation which may not be so strict.

Support is given to this theory by the following table in which are presented for several of these states the overdrafts attributable to national banks and to the banks under state control. The figures are of June 30, 1916:

States	Number of banks under state control	Overdrafts in state banks	Number of banks under national control	Overdrafts in national banks
Iowa	1217	\$1,552,789	351	\$614,000
Mississippi	276	1,430,266	35	47,000
Georgia	637	1,270,543	110	150,000
Missouri	1358	1,246,163	131	159,000
Nebraska	826	736,651	196	363,000

In these states, which are all mainly agricultural, the number of banks under state control is greater than of those under national charter and the overdrafts in the former institutions are much larger than they are in the latter.

That this reasoning does not prove exactly what it seems to prove is apparent when one examines another table which gives the number of national banks, the amount of overdrafts and the capital and surplus of these banks for Iowa and several of its neighboring states, together with three eastern states for the purpose of comparison. On June 30, 1916, the figures were as follows:

States	Number of national banks	Overdrafts	Capital and surplus
Iowa	351	\$614,000	\$34,607,000
Illinois	471	398,000	122,251,000
Indiana	256	193,000	41,654,000
Minnesota	281	273,000	46,073,000
Pennsylvania	833	209,000	246,524,000
New York	477	636,000	334,180,000
Massachusetts	158	65,000	93,204,000

It is shown by this table that, except for New York, Iowa national banks had permitted larger overdrafts than the national banks of any other state in the Union, the total on this date being approximately one tenth of all the overdrafts in the national banks of the country. National banks in Iowa and New York together were responsible for about one fifth of all the overdrafts among such banks. As will be seen from the table, New York national banks had nearly the same amount of overdrafts as did the Iowa national banks, although the combined capital and surplus in the

latter state was only one tenth as great as in the former. The ratio of overdrafts to the banking capital in each of these states is as follows: Iowa, 1.8 per cent; Illinois, 0.3 per cent; Indiana, 0.4 per cent; Minnesota, 0.6 per cent; Pennsylvania, 0.08 per cent; New York, 0.2 per cent; Massachusetts, 0.07 per cent.

Since for national banks as well as for state banks the situation is much worse in Iowa than in any other state, the cause must lie somewhere other than in the type of banking institution; it must be connected with the nature of the population and the relations between the bankers and their customers.

The first suggestion that will occur to the casual observer is that this situation in Iowa arises because most of the depositors in the banks are farmers; and the farmer, so many persons think, is more likely to overdraw his account than any other class of bank customers. There are two reasons which seem to lend support to this theory. First, the farmer is generally regarded as less familiar with banking practice than are other classes of the population and therefore unlikely to keep his accounts properly, or he overdraws his account without hesitation because he thinks the banker knows he is good for the amount and will therefore not object to the overdraft. The second reason is that since the farmer comes into town and to his bank perhaps only once a week or less frequently he sometimes finds it convenient to issue checks in payment of bills, regardless of the fact that his account may not be sufficiently large to meet them, with the expectation that he will provide for them when he goes into town.

Unfortunately for this easily satisfactory explanation it appears not to be true. I have obtained the testimony of ten bankers located in large and small towns and scattered over a considerable section of the state as to their experience in the matter of overdrafts.³ Of these ten, four reply with certainty that business men—merchants and manufacturers—overdraw much more frequently than their farmer customers, making due allowance, of course, for the number of customers in each class; two report that there is

³ This has been made possible by the kind assistance of Mr. George E. Grier, cashier of the Citizens' Savings & Trust Company of Iowa City, Iowa. The ten banks which furnished the information given above are: Iowa Loan & Trust Company, Des Moines; First National Bank, Davenport; First National Bank, Montezuma; The Citizens' Saving & Trust Company, Iowa City; Hills Savings Bank, Hills; Merchants National Bank, Cedar Rapids; Ames National Bank, Ames; Cedar Rapids National Bank, Cedar Rapids; The Citizens National Bank, Grinnell; and the Farmers Savings Bank, Hartwick.

apparently no difference in the propensity to overdraw—that the farmer as such is no more likely to overdraw than is the townsman; the remaining four regard the farmer as more likely to overdraw than the other classes of depositors. Thus, so far as this investigation has gone in an agricultural state, the preponderance of opinion seems to be that the tendency to overdraw bank accounts is not any more pronounced among agriculturists than it is among any other groups of people.⁴

The chief explanation for this marked tendency among banks of all kinds in Iowa to permit depositors to overdraw their accounts is found in the fact that the population is largely rural—that is, the people are distributed mainly in small towns and rural settlements. According to the state census for 1915, there were in the state of Iowa 893 incorporated places. Of these, 15 were of the first class, *i.e.*, having a population of more than 15,000; 90 were of the second class, having between 2,000 and 15,000 inhabitants; 788 had less than 2,000 people, and of these 685 had less than 1,000 in population.

The connection between such distribution of population and the tendency for overdrafts to be large is this—it is much more difficult for a bank officer to refuse to allow an overdraft, or to return a check because of insufficient funds when he knows personally and intimately the maker of the check than if his customers are not so well known to him. It requires much more firmness and is much more unpleasant for the cashier of a bank in the small town to refuse to honor Brown's check, which overdraws his account, when Brown is a neighbor, perhaps a member of the same church and lodge, and whose children play with the banker's children, than it is for the official of a large city bank to refuse to honor the checks of customers with whom he is only slightly or not at all acquainted, and in whose business affairs he has no personal interest. In the small bank the plea for permission to overdraw is directly to the officer capable of granting the indulgence, whereas in the large

⁴ As a matter of collateral interest I sought to determine in this connection the validity of another hoary belief of many persons: *i.e.*, that women depositors overdraw their accounts more frequently than men. Most persons, particularly those whose opinions are formed by the perusal of comic papers, would say that women overdraw more frequently. However, eight out of ten of these bankers say that men are the worst offenders; the ninth has too few accounts with women to make any comparison; and the tenth thinks the overdrafts on the part of women are due to ignorance or carelessness in the methods of keeping their accounts.

bank such officials are more remote and more difficult to approach.

On June 30, 1916,⁵ the average overdrafts per bank reported by the banks under state control in the four largest towns in Iowa were as follows: Des Moines, 18 banks with an average of \$1,098 per bank; Davenport, 11 banks with an average of \$1,065 per bank; Sioux City, 9 banks with an average of \$1,192; and Cedar Rapids, 8 banks with an average of \$464 per bank. At the same time the average amount of overdrafts for each bank in large and small towns throughout the state was \$1,275. These figures support the theory that the overdraft evil, wherever found, is chiefly a matter of small banks and close personal contact between the banker and his customers.

The validity of this explanation for the extent of the overdraft evil in Iowa is supported also by the evidence that overdrafts are larger in stock savings banks than they are in either the national banks of the state or the other state chartered institutions. It has been shown earlier in this article that overdrafts in national banks are usually about one third as large as in the state institutions in Iowa; and of these state controlled banks the stock savings banks are the worst offenders. The figures of May 21, 1917, are typical of the usual ratio between the two groups of state controlled banks. On that date the stock savings banks reported accounts overdrawn to the extent of \$1,197,895, while the state banks and trust companies reported only \$655,734.

The savings banks, then, are chiefly responsible for Iowa's large overdrafts. The important fact to observe is that this type of banking institution is the one found most frequently in the smaller towns, and it will be recalled that three fourths of all the towns in Iowa have less than a thousand inhabitants. The chief reason for the popularity of the savings bank is the possibility of establishing it with a capital of as little as \$10,000.⁶

To generalize, overdrafts may be said to occur with greatest frequency where the relations between the banker and his customers are closest. This statement is supported by the data from Iowa,

⁵ Figures published in the State Auditor's Report for 1916.

⁶ The minimum capital for national banks is \$25,000; for "state" banks in Iowa the minimum is also \$25,000 for banks in towns of 3,000 or less. For savings banks the capital requirements as established by the thirty-seventh General Assembly are as follows: in towns of less than one thousand population a minimum of \$10,000; one thousand and less than two thousand population, \$15,000; two thousand and less than ten thousand population, \$25,000; over ten thousand population, \$50,000.

which indicate that this improper practice is found in its worst form in small towns and in the type of banking institution which alone can profitably be established in the smallest towns.

A second important cause for the continuance of overdrafts is the intensity of competition among banks. The more intense the competition for business among bankers, the larger will ordinarily be the number of accounts overdrawn. The reason for this is obvious; if competition is keen each banker will grant concessions to his depositors, which he would otherwise refuse, because he fears that if his customers become dissatisfied they will carry their business, which may sometimes be worth while, and their influence to his competitors.

This sort of banking competition is much sharper in the Middle Western and Southern states than in the greater capitalistic centers of the East such as New York, Pennsylvania, or Massachusetts. In these latter states the banking business tends more toward monopoly. The capital requirements are greater and there is a constant trend toward consolidation of banks. There is severe competition for business, but the ordinary depositor can obtain only such impersonal relationship with any bank that he can rarely gain any additional privileges in the matter of overdrawn by transferring his account from one bank to the other.

In the following table the states are selected to illustrate the intensity of bank competition. The figures are taken from the Comptroller's report for June 30, 1916, and include all reporting banks.

State	Number of banks	State	Number of banks
Iowa	1693	Minnesota	1295
Missouri	1506	Kansas	1198
Illinois	1420	Ohio	1124
Texas	1409	Nebraska	1022
Pennsylvania	1361	New York	986
		Massachusetts	436

It is not surprising to find that Iowa, which leads in overdrawn accounts also leads in the number of banking institutions. As indicated in the table, Iowa has more banks than any other state in the Union. The population of Iowa, as given in the state census of 1915, was 2,358,066; there was, therefore, at that time, one bank to every 1455 people, and it must be remembered that this ratio would be even more striking if the whole number of private banks had been included. A better idea of the severity of com-

petition of the banks of Iowa for the business of the community is obtained if we apportion these banks among the towns rather than among the people.⁷

The number of incorporated places in 1915 was 893, and therefore if the banks were apportioned equally among these towns there would have been nearly two banks to every town. In this connection, if one recalls that, as was said above, only 105 of these towns had more than 2,000 inhabitants, and that 685 of the total number had less than 1,000 inhabitants each, a more vivid impression will be obtained of the extent to which these banks must compete with one another to get the business which is available. The town of Larrabee, having a population of 192 according to the state census of 1915, has two banks each of which had on June 30, 1916, a capital of \$25,000 and overdrafts of \$2,141 and \$9,744 respectively. Minden, with a population of 429, has two banks, capitalized at \$12,000 and \$25,000 respectively. The first of these recorded overdrafts of \$1,793 and the second \$4,134. Wellman, having a population of 839, had three banks with a total capital of \$65,000 and total overdrafts of \$5,285. It is quite common to find overdrafts reported in these small towns to the amount of 10 per cent of the capital of the reporting bank, and overdrafts equalling 20, 25, and even 30 per cent of the capital of the bank are not infrequently recorded.

The intensity of the competition to get depositors leads the banker not only to look indulgently upon an overdraft by one of his customers because he fears to offend him by throwing out his check, but frequently leads also to an offer of such privilege to obtain a customer. A prominent banker in Iowa has told me that on several occasions when he was attending some of the frequent stock and equipment sales, which are important events in the business life of the Iowa farmer, he has observed the cashiers of some of the small banks going through the crowd and urging the purchasers to pay for their goods by issuing checks on their banks, and, for this purpose, offering them check books immediately, although the purchasers had no balance whatever with such banks. Of course it was expected that they should come in later and make good the overdraft, thus establishing a connection with the bank,

⁷ This is much more accurate procedure because the banking institutions are located in the towns and not out in the open country. Hence each bank instead of having undisputed possession of its own little community of 1,455 persons, generally shares with one or more additional banks the business which centers in a town of from 500 to 1,000 people.

which the banker counted on maintaining. Obviously the banker must, in such cases, know something of the responsibility of the individual to whom he makes such a proposition. But under any circumstances it is a most pernicious practice and shows to what extremes the multiplication of banking institutions drives some of the bankers in their efforts to get a share of the business.

Overdrawing of accounts may well be said to be a survival of careless banking habits. Banking experience shows that the trouble arises mainly from the same individuals, who time after time overdraw their accounts. During the pioneer stage in banking in the Middle West, which is not so far in the past, many practices which are not now regarded as sound and have been abandoned were considered minor lapses. Overdrawing of one's account was then regarded and is still considered by many persons as a matter of no great consequence. They have heretofore overdrawn their accounts and can see no reason why they should not continue to do so. This habit is overcome slowly and with difficulty, and one of the reasons for its greater seriousness in Iowa and some of the other western and southern states, as compared with the eastern and more densely populated regions, is that the former states are still closer to that pioneer stage through which all have had to pass.

There is another explanation of the continuance of the overdraft evil in spite of efforts to eradicate it. It persists because of the ignorance of the functions and service of a bank. Many depositors express this misunderstanding of the proper service of the bank when they say, "The bank has had my money on deposit for some weeks, and therefore it should not object to an occasional overdraft. It is merely a temporary loan." The difference between an overdraft and a regular loan will be pointed out later, but it may here be said that the bank has already rendered service, sometimes at an actual loss to itself, as compensation for the deposit, and cannot be expected to grant the additional privilege of a loan of bank funds without interest. Persons who thus justify themselves for the practice would scarcely presume to ask the bank directly for a loan without interest. They thus seek to obtain indirectly and without permission that which they would not have the temerity to seek in a proper manner.

The nature and methods of business of the community account for the large overdrafts in certain sections of Iowa. In parts of the state buying and shipping cattle is an important business, and

many overdrafts arise in the course of these transactions because, as the cattle buyer says, when he starts out to buy cattle he never knows just how much money he is going to require and he therefore issues his checks regardless of the amount of his balance in the bank, with the expectation that he will provide for the payment of the overdraft when he returns to his home. A banker in Iowa tells of a certain cattle buyer who usually carries a balance of several thousand dollars but every two or three weeks overdraws his account for a few days to the extent of a thousand dollars or more at a time. Remonstrance on the part of the banker and the suggestion that he arrange for a loan are of no avail. This particular individual prides himself on the fact that he never needs to "borrow" money. This experience in Iowa explains the reason for overdrafts which arise in a similar manner in other cattle shipping states.

Finally it must be said, in spite of the skepticism of bankers, wearied by their efforts to eliminate this evil, that overdrafts do sometimes occur through errors on the part of depositors who do not intentionally overdraw their accounts. But the practical banker has been told so often by depositors under such conditions that there must be an error on the part of the bank which has caused the account to appear overdrawn that he grows to distrust the motive and to question the excuse of all customers.

The objection to allowing depositors to overdraw their accounts, aside from the general criticism that it encourages careless and slipshod banking methods, which are always dangerous to the banker and the community, rests upon the fact that an overdraft is a loan, and because it is irregular, often unauthorized and unsecured, is a particularly dangerous method of lending the bank's funds.

An overdrawn account may be called an irregular loan because it appears, so far as the bank is concerned, unexpectedly and has no definite date of maturity. It may be paid off in a day or two or it may have to be carried for weeks and months, and perhaps eventually be charged off. Because of this irregularity it is very undesirable from the standpoint of sound banking since it interferes with the banker's control over his reserves. In this connection another serious objection arises. An overdrawn account puts the bank official in a very annoying and dangerous position. He dare not be harsh or unaccommodating in his attitude toward the one who has overdrawn his account lest that individual refuse to

repay what he has already thus borrowed. It needs no comment to demonstrate that this is a very dangerous relation between a banker and his depositors. An overdraft is an unauthorized loan and thus opens the way for the possibility of fraud and defalcation. A loan made in regular form requires generally the sanction of the board of directors, but the decision as to whether or not to pay a check which will overdraw an account must be made at once and is usually made by the cashier or some other official without reference to any other authority. Finally, an overdraft is usually an unsecured loan, for there is merely the implied promise that the drawer of the check will eventually pay it.

The courts have repeatedly declared this practice of permitting overdrafts a violation of legitimate banking. For example, the United States Supreme Court has said:⁸

A usage to allow customers to overdraw, and to have their checks and notes charged up, without present funds in the bank—stripped of all technical disguise, the usage and practice thus attempted to be sanctioned, is a usage and practice to misapply the funds of the bank, and to connive at the withdrawal of the same, without any security, in favor of certain privileged persons. Such a usage and practice is surely such a manifest departure from duty both of the directors and cashier, as cannot receive any countenance in a court of justice. It could not be supported by any vote of the directors, however formal; and therefore, whenever done by the cashier, is at his own peril, and upon the responsibility of himself and his sureties. It is anything but well and truly executing his duties as cashier.

A very erroneous impression would be given if this paper were understood to suggest that the bank officials in general are willingly at fault in this matter. In fact, the majority of bankers would be very glad to see the practice of overdrawing entirely eliminated, and the chief attempts to force abandonment of the practice are initiated by the bankers themselves. The American Bankers Association has sought to have the various states adopt legislation which will make the issuing of checks without sufficient funds to pay them prima-facie evidence of the intent to defraud, and such a law has nearly always had the support of most of the local bankers. But their efforts to improve the situation are hampered constantly by business men who wish to preserve for themselves the privilege of overdrawing when they find it necessary, and by bankers of small caliber who are so handicapped in competition with better bankers that they feel it necessary to offer unusual

⁸ *Minor et al v. The Mechanics Bank of Alexandria*, 1 Peters, p. 71.

concessions in order to get any business. To meet this unprincipled competition the better institutions are forced to relax somewhat in their attitude of hostility toward overdrafts.

The chief remedy then is to raise the level of competition by making it difficult or impossible for any bank to continue to grant this privilege. A long step toward the accomplishment of this object would be taken if the law recommended by the American Bankers Association should be adopted by the various state legislatures. Other legislation might be adopted, such as imposing a financial penalty upon those banks which show overdrafts when called upon for statements; compelling directors to file their personal bonds to guarantee payment of all overdrafts; or it might even be carried to the extent of denying to a bank the privilege of receiving any further deposits or of making any additional loans so long as it had any overdrawn accounts.

Next to raising the level of competition among banks for the purpose of reducing the overdraft evil, restricting the intensity or the amount of competition might prove effective. As has been shown from the study of Iowa statistics, the establishment of a great number of banks in a sparsely settled community results in competition so severe as to lead almost certainly to overdrawn accounts. The obvious way to limit this competition is to keep down the number of banks by raising the capital requirements. But for a state like Iowa it is questionable whether the interests of the scattered population would be as well promoted by a comparatively few banks with large capital as they are by many banks with small capital, even though one of the accompanying results of the latter plan is a large total of accounts overdrawn.

Much is being accomplished in Iowa, as elsewhere, through the voluntary efforts of the bankers, aided and admonished by constant suggestion on the part of the Comptroller of the Currency and the heads of the various state banking departments. Perhaps as the pioneer stage in banking recedes farther and farther into the past, the practice of permitting accounts to be overdrawn will disappear, as did the custom of carrying on a mercantile and banking business together, and the still more dangerous custom of establishing banking institutions with little or no cash capital.

NATHANIEL R. WHITNEY.

State University of Iowa.

GOVERNMENT CONTROL OF THE WHEAT TRADE IN THE UNITED STATES

It is probable that few American economists with reputations for soundness and sobriety of judgment at stake would have had the hardihood actively to advocate the adoption of the United States Food and Fuel Control act¹ in the form in which it became law, August 10, 1917. It is possible that a majority would have actively opposed the measure if they had been called upon as a body to express their views upon it. Many others, no doubt, would have regarded it as at best a legislative bread-pill—a harmless political concession to a highly alarmed and sadly uninformed, but nevertheless politically powerful, if rather variegated, public opinion. The act appears, on the surface at least, to run counter to some of the most firmly entrenched doctrines in economic theory. However, for better or for worse, it is now the law of the land; and as such it merits an impartial and detailed analysis, regardless of academic prepossessions for or against it.

I

The most important of the provisions of the act which concern the wheat trade may be stated as follows:

Section 1 declares in effect that the act is an emergency measure based upon the war powers of Congress. It is essential to the national security and defense, and for the successful prosecution of the war, to assure an adequate supply and equitable distribution, and to facilitate the movement of foods, feeds, fuel, including fuel oil and natural gas, fertilizers, and machinery required for the actual production of foods, feeds, and fuel, hereafter in this act called necessities; to prevent scarcity, monopolization, hoarding, and injurious speculation affecting such supply and distribution; and to maintain government control of such necessities during the war. For this the President is given authority to enter into voluntary arrangements or agreements, to create and use any agency, and to coördinate activities.

Section 4 makes it unlawful for any person wilfully to destroy any necessities for the purpose of enhancing the price or restricting supply; knowingly to commit waste or wilfully to permit

¹“An Act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel.” No. 41, 65th Congress.

preventable deterioration of any necessities; to hoard, as defined in Section 6 of this act, any necessities; to monopolize any necessities; to engage in any discriminatory and unfair, or wasteful practice; to conspire to limit facilities for transporting, producing, harvesting, manufacturing, storing, or dealing in any necessities; or to restrict supply or distribution, or to exact excessive prices for any necessities.

Section 5 provides for what the Food Administration calls "commodity licensing."² The President is given authority to prescribe regulations under which licenses may be issued and to provide for the issuance of licenses whenever he shall find it essential to license the importation, manufacture, storage, mining, or distribution of any necessities in order to carry into effect the purposes of the act. Farmers, gardeners, coöperative associations of farmers or gardeners, and other persons are exempt from the operation of this section "with respect to the products of any farm, garden, or other land owned, leased or cultivated" by them. Common carriers and "retailers" are also exempt from the operation of the section, a "retailer" being defined as "a person, co-partnership, firm, corporation, or association not engaging in the wholesale business whose gross sales do not exceed \$100,000 per annum."

Section 6 provides penalties, including fine or imprisonment, for hoarding by an individual in a quantity in excess of reasonable requirements for consumption in a reasonable time; or when held by a manufacturer, or dealer in a quantity in excess of the reasonable requirements of his business for use or for sale by him for a reasonable time, or reasonably required to furnish necessities produced in surplus quantities seasonally throughout the period of scant or no production; or when withheld from the market "for the purpose of unreasonably increasing or diminishing the price." This section does not apply to transactions on exchanges, boards of trade, or similar institutions.

Section 7 authorizes the seizure of hoarded necessities and their sale in such manner "as to provide the most equitable distribution."

Section 10 authorizes the President to requisition necessities for the army and navy "or for any other use connected with the common defense . . . and to requisition or otherwise provide storage facilities for such supplies."

² See United States Food Administration Bulletin No. 8, *Commodity Licensing* (Washington, 1917).

Section 11 authorizes the President to purchase, store, and sell at reasonable prices, wheat, flour, meal, beans, and potatoes, and provides that if any minimum price shall have been theretofore fixed, the price paid shall not be less than such minimum price. The money received may be used as a revolving fund "for further carrying out the purposes of this section."

Section 12 authorizes the President to requisition any factory, packing house, oil pipe line, mine, or other plant in which any necessities are manufactured or mined, and to operate the same.

Section 13 gives the President authority to regulate or prohibit transactions in necessities on any exchange, board of trade, or similar institution, whenever he deems it essential.

Section 14 provides for the establishment of "guaranteed prices" for wheat. The price schedule established by the President is expressly guaranteed to producers as the minimum which they may expect to receive. This guarantee runs for a period not exceeding eighteen months. Another part of the section authorizes what Mr. Hoover has called "crop insurance for 1918 wheat growers."³ By this the guaranteed prices for the several standard grades of wheat for the crop of 1918 are to be based until May 1, 1919, upon No. 1 Northern Spring or its equivalent at not less than \$2 per bushel at the principal interior primary markets. The remainder of Section 14 prescribes measures which may be taken to make the prices guaranteed under the section effective. Reliance is had upon two devices: (1) tariff protection against imports of wheat and (2) government purchase of wheat.

Section 26 contains provisions similar to those contained in Sections 4 and 6. The chief difference appears to lie in the fact that Section 26 applies only to persons engaged in interstate commerce or international trade.

Any person carrying on or employed in commerce among the several States, or with foreign nations, or with or in the Territories or other possessions of the United States in any article suitable for human food, fuel, or other necessities of life, who, either in his individual capacity or as an officer, agent, or employee of a corporation or member of a partnership carrying on or employed in such trade, shall store, acquire, or hold, or who shall destroy or make away with any such article for the purpose of limiting the supply thereof to the public or affecting the market price thereof in such commerce, whether temporarily or otherwise, shall be deemed guilty of a felony, and, upon conviction thereof, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

³ United States Food Administration Bulletin No. 10, *Grain and Live Stock* (Washington, 1917), page 8.

As in Section 6, however, farmers, gardeners, coöperative societies and certain others are exempted from the operation of these provisions. It is also provided that this section shall not be construed to prohibit the holding in quantity not in excess of the reasonable requirements of business for a reasonable time.

The reasons for the inclusion of Section 26 in addition to Sections 4 and 6 are not clear. Possibly the chief purpose of the section is to give the provisions involved the broadest and most solid foundation in the federal constitution which is obtainable by basing them upon the power of Congress to regulate interstate and foreign commerce as well as upon the war powers of Congress.

II

The more important economic and political conditions affecting the wheat trade which prevailed at the time of the discussion and passage of the Food and Fuel Control act were as follows:

1. Congress had declared on April 6, 1917, that a state of war existed between the United States and Germany and it was as impossible then as it is now (December 8, 1917) to foresee how long this state of war might continue.

2. The United States had had a short wheat crop in 1916 and it appeared certain that the crop of 1917 would be a short crop. The European demand for wheat from the United States was unusually large and was practically certain to continue large.

3. Prices of wheat products and of other foodstuffs, rising before the outbreak of the European war, were rising still higher and large numbers of consumers, especially of the non-agricultural classes, were both angry and alarmed; and the publicly articulate among them were demanding drastic action against "middlemen" and "speculators."

4. Farmers engaged in the growing of wheat in the United States were doubtful as to the wisdom of efforts to increase production in the crop year 1917-1918 because of (1) increasing costs of farm labor, implements, and supplies and (2) the fear of a sharp drop in the price of wheat due to "overproduction" or to the conclusion of peace before the 1918 crop could be marketed.

5. Many wheat farmers in the United States had for years opposed the activities of the grain exchanges, and particularly the trading in futures, and were ready to support any movement designed to stop or restrict operations on the exchanges.

6. Because of extraordinary conditions prevailing in the wheat

trade, due largely to heavy purchases of wheat by representatives of the Allies and speculative purchases of flour for hoarding by housewives, bakers, hotels, and others alarmed over the possibility of a flour famine, the Chicago Board of Trade and other leading grain exchanges deemed it necessary in May to restrict trading in futures. This action appeared to hostile critics of the exchanges to be an admission that, in spite of all the arguments to the contrary urged by the exchanges in the past, trading in futures was both dangerous and unnecessary.

7. Practically all—if not all—European countries, both belligerent and neutral, had adopted governmental control of the supplies, distribution, and consumption of the great food staples and other necessities, and it was known in the United States that the prices of some of these commodities were lower in certain European countries than in the United States. The difference in prices was commonly attributed by consumer spokesmen in this country to the existence of government control in Europe and the lack of it here.

8. The administration at Washington demanded government food control, and the combination of circumstances outlined above enabled the administration to get it.

1-2. The first condition mentioned in the foregoing summary needs no discussion. The second may be shown in part by the following table:

PRODUCTION OF WHEAT IN THE UNITED STATES, 1912-1916⁴

Year	Crop in bushels
1912	730,267,000 ⁴
1913	763,380,000
1914	891,017,000
1915	1,025,801,000 ⁴
1916	639,886,000

The shortage in the wheat crop of 1917 anticipated in the spring was due chiefly to winter-killing of the winter wheat sown in the fall of 1916.⁵

The condition of 63.4 was the lowest ever reported for April and the lowest with one exception ever reported for any month.⁶

⁴ Data from the *Yearbook of the United States Department of Agriculture for 1916*, p. 374.

⁵ *Rosenbaum Review* (published by the J. Rosenbaum Grain Company, Chicago), April 7, 1917, p. 3; *Monthly Crop Report*, April, 1917, p. 31.

⁶ *Rosenbaum Review*, *loc. cit.*

The monthly crop report for May was even more discouraging; though it gave a higher condition, 73.2, it forecast a considerably smaller aggregate production, 366,116,000 bushels, the decrease being due apparently to the abandonment of acreage in April in favor of spring-sown crops.⁷

The forecasts of the Department of Agriculture made in the June and July monthly crop reports were somewhat more favorable than the May forecast, being 373,000,000 and 402,000,000 bushels respectively, but considerably lower than the April forecast of 430,000,000 bushels.⁸ In this connection it should be noted that the Bureau of Crop Estimates in the *Monthly Crop Report* for November, 1917,⁹ makes a "preliminary" estimate of 417,347,000 bushels as the amount of winter wheat actually produced in the United States in 1917; 242,450,000 bushels as the corresponding amount of spring wheat, and 659,797,000 as the amount of all wheat so produced.

The deficits in the 1916 and 1917 wheat crops were made more serious by the strong demand for American wheat in the countries of the Entente Allies and in neutral countries in Europe. The causes of this unusual demand were well summarized by Mr. Hoover in an address at Brown University on May 20. Mr. Hoover said:

Since the wonderful world harvest of 1915 the food supplies of the world have been steadily lessening. This year we are faced with a world shortage, and next year this shortage will be greater. Seventy million men in Europe have been called out of productive labor and devoted to fighting and the production of implements of war. The women have been unable to in full renew the harvests, and there has been a great diversion of animals and transport to war. The land is no longer receiving the fertilizer of old. In order to decrease the production of fodder grains and increase the production of bread grains, and to secure protein and fat supplies, Europe is eating into her capital of animals. This again reacts on the productivity of the land, and foodstuffs are beyond this daily being destroyed at sea in shiploads. Our own allies are separated from their normal markets of Russia, Bulgaria, Roumania, while the Argentine has had a crop failure, and the shortage of our allies therefore is more acute than their own decline represents.¹⁰

3. The rise in the prices of foodstuffs has been a subject of pressing interest in the United States since long before the out-

⁷ *Monthly Crop Report*, May, 1917, p. 37.

⁸ *Ibid.*, June, 1917, p. 46; July, 1917, p. 58.

⁹ *Ibid.*, November, 1917, p. 105.

¹⁰ United States Food Administration Bulletin No. 1 (Washington, 1917), pp. 28-29.

break of the European war and various theories have been developed to explain the phenomenon. It will be sufficient for present purposes to accept this rise in prices as a fact and confine our attention to the extent to which it has been accelerated during the war. According to the *Monthly Review of the United States Bureau of Labor Statistics* for June, 1917,¹¹ the retail prices of the principal articles of food had advanced an average of 48 per cent during the four-year period from April 15, 1913, to April 16, 1917, and flour had advanced 107 per cent. During the month from March 15 to April 16, 1917, the retail prices of the principal articles of food rose 9 per cent, which was the greatest advance in food prices in any one month since the outbreak of the European war.¹² Flour advanced 18 per cent during this month.¹² The following month, flour advanced 29 per cent,¹³ and the decline of 8 per cent which occurred during the month from May 15 to June 15 was a decline from a price which was nearly two and three fourths times the price prevailing in July, 1914, "a date immediately preceding the outbreak of the European war," to a price which was two and one half times this pre-war price.¹⁴

The general condemnation by socialists and socialistic sympathisers of the part played by middlemen in our economic system is too well known to need statement. Almost equally well known is the criticism commonly directed against middlemen, and especially against those who "speculate" in farm products, by organizations of farmers and representatives of farmer interests. Many of the latter believe with many socialists that a very large proportion of the middlemen now engaged in marketing food products and other necessities can, should, and will be "eliminated" and replaced by other more economical agencies of a coöperative or governmental nature. The growth of farmers' coöperation in the United States and consumers' coöperation in England and elsewhere in Europe, the public market movement, and the appearance and apparent success of the department store, chain-store, and mail-order businesses have led many persons of influence in radical and liberal political circles to the opinion that there must be something fundamentally wrong with the older methods of commercial distribution. Otherwise, they ask, how could these

¹¹ *Monthly Review of the United States Bureau of Labor Statistics*, June, 1917, p. 953.

¹² *Ibid.*, p. 952.

¹³ *Ibid.*, July, 1917, p. 130.

¹⁴ *Ibid.*, August, 1917, p. 53.

newer trade agencies survive at all in the keen competition which they have to meet? To persons holding this opinion it seems more or less inevitable that these large-scale agencies will eventually drive small business enterprises out of existence—so overwhelming do the advantages of large-scale production appear to be—and that those among them which are conducted for private profit will either be regulated by the government or “taken over” and operated as government enterprises.

Also of importance in explaining the attitude of consumers towards middlemen in a time of rising prices is the growing disposition on the part of many leaders of public opinion to insist on the desirability of requiring some sort of equivalence between services to society and rewards received from society. Regulation of railroad and public utility rates, attempts to control the trusts, and the adoption of graduated income and inheritance taxes, which are in part expressions of this disposition, serve in the minds of many persons as excellent arguments for governmental control of middlemen to the end that middlemen may be compelled to render “reasonable service for a reasonable profit.” Consumers as consumers, whatever they may be as producers, are usually original-cost-of-production theorists when they participate in discussions as to what constitute “fair prices.” They have little patience with the theory that rising prices are socially desirable in a time of scanty supplies on the ground that such prices promote the “most expedient rate of consumption.” Of course, they admit, consumption must be restricted when supplies are scanty, but some better means of securing this result should be found, they argue, than that of leaving the matter to the greed of middlemen. Such means have been found in Europe, many consumers assert, and they could be used here.

4. The campaign for an increased production of wheat in the United States as a war measure started too late to have much influence on the size of the 1917 wheat harvest. Growers of wheat, however, were even then looking ahead to the 1918 harvest (wheat is often grown in a crop rotation planned several years in advance when land is not kept continuously under wheat) and were actively discussing the advisability of increased production. The opinion of many farmers in the grain belt of the Middle West is well expressed by Mr. Cowgill C. Blair, himself a “practical farmer in southwestern Missouri,” in an article in the June number of the

American Review of Reviews.¹⁵ Mr. Blair says that the farmer looks "with suspicion upon any efforts to stimulate him to greater production as a scheme to increase yields and reduce prices."

The specter of over-production and greatly reduced prices is as vivid to the farmer as a class, as is the specter of starvation to those who realize the true situation. High prices always precede low prices, to the farmers' experience, and the idea of sowing \$3 wheat does not appeal to the man who in July and August, 1914, was selling wheat for 62 cents a bushel. While a return to such prices seems at this time impossible, yet to the farmer it seems very probable if a great acreage of wheat is sown next fall [1917]. And a profit of \$3 an acre, the cost of seed, if obtained from wheat at 62 cents, can only result from an unusually good yield.

Farmers in most sections of the country [*i.e.*, in the grain belt?], Mr. Blair continues, are laboring under a "mountain of debt" as the result of the crop failure of 1916. Many have strained their credit to the utmost to expand operations and are financially crippled. Many have been forced by the shortage and the high cost of feed to sell horses which were not actually needed at the time of sale but which are "now necessary for increased operations." "The cost of implements, the scarcity of help and its increased cost, both in wages and in board, discourage increased operations." Furthermore wheat is never a certain crop in the grain belt. "What if unfavorable weather, chinch bugs, Hessian fly, or any of the hundreds of limiting factors in wheat production destroy his [the farmer's] crops?" Mr. Blair asks. "He will find himself without the anticipated profit, and, if he has mortgaged to the limit, without a home or place of business." Nevertheless, many farmers could mortgage their farms to secure "ample capital for vastly increased operations," Mr. Blair thinks, if given a sufficient price guarantee. "A guarantee of, say, \$1.50 per bushel for wheat harvested in 1918 will do more towards increasing the acreage of wheat to be sown next fall than all the literature a rural mail-carrier is capable of transporting."

Similar views were expressed in the hearings before the Senate Committee on Agriculture and Forestry at Washington in April and May, 1917.¹⁶

¹⁵ "The Farmers' Viewpoint," by Cowgill C. Blair in the *American Review of Reviews*, vol. 55 (June, 1917), pp. 629-630.

¹⁶ *Production and Conservation of Food Supplies*. Hearing before the Committee on Agriculture and Forestry United States Senate, 65th Congress, 1st Session, relative to the Proposal for Increasing the Production, Improving the Distribution, and Promoting the Conservation of Food Supplies in the United

5. The hostility of a large proportion of the farmers of the grain belt toward the activities of the grain exchanges and especially toward those which have to do with speculation in futures is a matter of common knowledge which requires no demonstration. More important for our purposes than the reasons for this hostility are its political and economic consequences, actual and possible. There is little evidence to support the argument that the government control of the grain exchanges which the Food and Fuel Control act establishes is merely a sop to the farmers—the purposes of the plan appear to be much broader, as will be shown later; but there is ground for believing that the attitude of farmers toward this part of the measure greatly aided the measure in its journey through Congress and in its appeal for the support of public opinion.

The opinions of farmers were vigorously presented by a number of farmers' organizations, whose officers appeared before the congressional committees in charge of the food control bills or filed resolutions with these committees demanding the suppression or control of the grain exchanges. Among them were the American Society of Equity and the Farmers' Non-Partisan League of North Dakota.

The views of the American Society of Equity were set forth in a series of resolutions filed with the House Committee on Agriculture.¹⁷ These were adopted at a convention of farmers' organizations held at Kansas City, Missouri, on May 7, 1917, and were signed by the president of the American Society of Equity, the master of the Kansas State Grange, the president of the Farmers' Association, the president of the People's College of Fort Scott, Kansas (a socialist institution), and the president of the Farmers' Union of North Dakota. The resolutions included among other things the demand that food control legislation then pending in Congress be amended to include the following provisions:

1. A provision "that maximum and minimum prices of food products be established within 60 days after the passage of the law."

2. A provision "for the prohibition of all speculation in the necessities (Washington, 1917), part 1, pp. 30-32, 38-41, 46-49; part 2, pp. 152-155; part 4, pp. 359 ff.

¹⁷ *Food Production, Conservation, and Distribution*. Hearings before the Committee on Agriculture, House of Representatives, 65th Congress, 1st Session, on H. J. Res. 75, H. R. 4125, H. R. 4188, and H. R. 4630 (May 1, 2, 8, 9, 11, 14, 16, 18, 29, and June 11, 1917), pp. 308-309.

saries of life during the full period of the war by the closing of boards of trade, stock exchanges, and chambers of commerce, so far as their speculative activities in such necessities are concerned."

3. A provision "that the government take over, during the period of war, all packing houses, storage plants, warehouses, and terminal elevators and such other industries and utilities as may be necessary for the successful control of the marketing and the distribution of the necessities of life, to the end that the making of fortunes by private speculators and dealers at the expense of those who bear the brunt of the war may be made utterly impossible in this war for democracy and humanity."

Governor Frazier, of North Dakota, testifying before the Senate Committee on Agriculture and Forestry¹⁸ on May 1, 1917, made the following remarks:

Mr. Chairman, about all I can do is to tell you about some of the conditions that actually exist in North Dakota and have existed for a long time. The farmers out there have felt they have not been getting fair prices for their farm products, that they have not been getting a living wage. Oftentimes we sell our products at a loss. The farmers produce the food products, but some one else comes in and sets the price for them. The idea of the national Congress here setting a minimum price on our farm products would be all right, I think. We have had the prices set for us for years and if Congress would take a hand in it, it might help the farmers out. The prices have been set by the speculators, by the gamblers in the grain market.

Governor Frazier added that if Congress were going to set the price to the farmer it should also set the price to the consumer; that is, not allow the speculators to buy the farmers' products for the price stipulated and then let them put up the price to the consumers. The governor asserted that the trouble with the present system of marketing grain is that the grain "goes through too many hands" and suggested as a remedy the establishment of the state-owned terminal elevators and flour mills proposed by the Non-Partisan League of North Dakota. The federal government might also, the governor thought, own and operate terminal elevators and flour mills and buy wheat, grind it into flour and sell the flour at cost to consumers.

Mr. Herbert E. Gason, editor of the *Farmers' Daily Courier-News*, an organ of the Non-Partisan League of North Dakota, advocated¹⁹ governmental control of the distribution of food products during the course of the war as proposed in the bills under consideration, on the ground that it would result in the discovery of

¹⁸ Document cited in footnote 16, part 3, pp. 249 ff.

¹⁹ Document cited in footnote 17, p. 472.

methods of eliminating waste in the marketing of farm products and the enlightenment of the public as to the desirability of adopting these methods.

Opinions similar to those expressed by representatives of the Non-Partisan League of North Dakota and the American Society of Equity were presented by delegates sent to Washington by a conference of grain growers held in Fargo, North Dakota, May 23, 1917,²⁰ to consider governmental control of food prices. At this conference, which claimed to represent grain growers from Wisconsin, Minnesota, North Dakota, South Dakota, and Montana, and which appears to have been dominated by American Society of Equity and Non-Partisan League sentiment, the following resolutions were adopted among others:²¹

We earnestly suggest that in line with the course of other warring nations the government shall immediately prepare itself to seize and operate wherever and whenever necessary all transportation agencies and terminal elevators and warehouses.

Resolved further, That future trading in farm products be prohibited, not as a temporary war measure, but as a permanent government policy.

It should be said that the organizations whose views have just been discussed include only a minor fraction of the grain farmers of the United States. There is reason to believe, however, that the views in question are widely held by farmers outside these organizations, especially in their negative aspects as distinguished from their constructive proposals, and it is possible that what appears to be a growing class consciousness among farmers will convert many who are now indifferent into active supporters of the movement to eliminate the grain exchanges.

6. The action of the Chicago Board of Trade in adopting, on May 14, 1917, rules restricting trading in wheat futures followed an unparalleled rise in prices.²² Contracts for May delivery were then selling at \$3.25 per bushel, millers were paying \$3.45 per bushel for "cash" wheat, and speculators who had sold short in trades involving delivery in May were finding it impossible to cover their short sales.²³ These conditions were chiefly the result of large purchases of May contracts by agents of the Allied governments and the buying of flour for hoarding by housekeepers,

²⁰ *Ibid.*, pp. 403-495.

²¹ *Ibid.*, p. 489.

²² *Dun's Review*, May 19, 1917, p. 19; *Economic World*, same date, p. 697.

²³ *Commercial and Financial Chronicle*, September 1, 1917, p. 867.

bakers, hotel managers, and others who feared a flour famine at a time when short crops, past and prospective, and war conditions had already sent prices to a high level.

Purchases by the agents of the Allies seem to have been much the more important influence on prices.²⁴ It has been estimated that at one time foreign buyers, representing the Allies and certain of the European neutrals, were "long" 70,000,000 bushels of wheat for future delivery;²⁵ and this belief, even though it may have exaggerated the facts, could not help but affect prices. Mr. George S. Jackson, president of the Grain Exporters Association of the United States, asserted before the House Committee on Agriculture, May 14, 1917, that if people thought that buyers for foreign governments had "50,000,000 bushels bought at Chicago" it would "scare the market up 10 cents."²⁶ Mr. J. Ralph Pickell, secretary of the Council of Grain Exchanges of the United States, testified that he thought that "practically all the wheat in this country" was "sold for delivery for export."²⁷ Both Mr. Jackson and Mr. Pickell said that the difficulties were aggravated by the lack of adequate transportation facilities which made it impossible for certain grain firms to get wheat to the markets where they desired to deliver it. To illustrate, Mr. Jackson stated that his firm had purchased 500,000 bushels of wheat "in the West" and had sold it to the Allies and to the "Dutch people" but that it had been unable to get this wheat to the seaboard and had consequently had to duplicate the original purchase elsewhere in order to fulfil its contracts.

Few data as to the extent to which consumers carried the hoarding of flour in the spring of 1917 are available to the writer. Several persons testified before the congressional committees that they knew personally of families who had purchased supplies sufficient to last a year, and the following statement was published in the *Rosenbaum Review* of May 19, 1917:²⁸

The hysteria which swept the country when the prices got above \$3 is rapidly subsiding, and there is decidedly less adverse criticism heard. Several large firms with wide connections throughout the West and Northwest have made a careful investigation of the amount of hoarding of foodstuffs on the part of the general public. The results are start-

²⁴ *Rosenbaum Review*, August 25, 1917, p. 1.

²⁵ *Ibid.*, p. 1.

²⁶ Document cited in footnote 17, p. 269.

²⁷ *Ibid.*, p. 256.

²⁸ P. 4.

ling. In some instances families have been found that had sufficient flour on hand to last them for over a year, while in many sections if the amount of flour had been equally distributed it would be sufficient to last the community for six months or more. Mills reported that their sales in April in some cases were 500 per cent above normal.

The directors of the Chicago Board of Trade prohibited further trading in the May future of wheat, except that necessary to settle outstanding contracts, and fixed a maximum price for such settlements at \$3.18 per bushel. The directors subsequently suspended the speculative "long buying" of the July and September futures and fixed the maximum settling prices on these contracts at \$2.75 and \$2.45 respectively. Similar action was taken by the exchanges in the other western grain markets and by the Winnipeg and New York exchanges.²⁹

The decision of the grain exchanges to eliminate trading in the May future and to restrict trading in other futures seems to have been prompted by suggestions from Washington, a desire to placate an outraged public opinion and, incidentally, to educate it as to the real causes of high prices, and perhaps by a fear among members of the exchanges themselves that economic convulsions were imminent in the wheat trade as the result of war disturbances.³⁰ Whatever the motives, the action was taken by leaders of producer and consumer opinion as an admission that the boasted machinery of organized speculation had completely broken down. This effect was heightened by the fall in the price of flour which followed and by the fact that the buying and selling of actual wheat seemed to proceed without being seriously embarrassed by the absence of trading in "phantom" wheat.

7. The adoption by all European countries, belligerent and neutral, of some measure of government control of food supplies³¹ raised a strong presumption in the minds of the American public in favor of the adoption of government food control in the United States. This presumption was strengthened by widespread reports that the prices of staple food products were lower in England and other of the Allied countries, and in some cases even in Germany, than in the United States. So far as wheat is concerned

²⁹ *Dun's Review*, vol. 25 (May 19, 1917), p. 19; *Economic World*, New Series vol. XII (May 19, 1917), p. 697.

³⁰ *Economic World*, loc. cit.

³¹ *Monthly Review of the United States Bureau of Labor Statistics*, March, 1917, p. 391. This number and succeeding numbers of the *Review* contain an excellent summary of European methods of food control.

these reports were confirmed by a statement issued by the Food Administration at Washington on July 8, 1917, giving out the following information:³²

The Government price in Great Britain is \$1.80 per bushel. The Government price in Australia is \$1.14 per bushel and in India \$1.35. The Government price in France is \$1.80 for home grown wheat, including various bounties. The Government maximum in Italy has been fixed at \$1.60 per bushel for soft wheat and \$1.94 for hard wheat. The Belgian fixed price is to be \$1.60 per bushel and the German price about \$1.80 per bushel.

At that time the price of wheat in the United States was considerably above \$2 per bushel, the price of "cash" wheat at Chicago ranging from \$2.10 to \$2.15 for No. 2 Red to \$2.30 for No. 1 Northern during the week from June 30 to July 6 inclusive, and the price of the July future closing at \$2.12 in Chicago on July 6.³³ The natural conclusion of the public was, whatever the facts may have been, that the higher prices prevailing in the United States were due to the unrestrained greed of middlemen and especially of speculators who were free to exploit both producers and consumers without the governmental interference which restrained such activities on the part of their fellows in Europe.

8. The food control provisions of the Food and Fuel Control act are very largely the work of the United States Department of Agriculture, the Senate and House committees on agriculture, and Mr. Hoover; though how much credit should be given each and how much should be given other persons not named is not clear. The basis for the discussion of the measure in Congress was laid in a bill (H. R. 4125, 65 Cong.) drafted by the legal staff of the Department of Agriculture and introduced in the House on May 3, 1917, by Chairman Lever of the House Committee on Agriculture.³⁴ This bill was succeeded successively by two administration revisions of the original measure (H. R. 4630 and H. R. 4961) which were introduced into the House by Chairman Lever on May 22 and June 11 respectively.³⁵ Food control legislation was demanded by President Wilson³⁶ and other spokesmen

³² *Business Digest*, July 18, 1917, p. 974.

³³ *Rosenbaum Review*, July 7, 1917, pp. 5-6.

³⁴ Document cited in footnote 17, pp. 345-346; *Weekly News Letter* (United States Department of Agriculture), May 16, 1917, p. 1.

³⁵ *Weekly News Letter*, June 6, 1917, p. 1; *Rosenbaum Review*, June 16, 1917, p. 3.

³⁶ *Weekly News Letter*, May 30, 1917, p. 1; *Rosenbaum Review*, June 4, 1917, pp. 1-2.

of the administration and the result was that the latter revision with some amendments became law, after a long discussion in Congress, on August 10, 1917.

III

In analyzing the theory upon which government control of the wheat trade under the Food and Fuel Control act is based it is necessary to divide those provisions of the act which apply to the trade into a number of groups, each of which provides for a distinct course of action, and to consider the theory which supports each separately. It is also necessary to recognize that the theory upon which the act is based is not purely economic but that it is a complex of economic, political, social, and psychological theory.

Reference to the previous summary of those provisions of the act which relate to the wheat trade will show that the following powers were conferred upon the general government or upon the President:

1. Power to punish persons who waste, destroy, or monopolize necessities in the course of "production, manufacture, or distribution" or engage in other practices designed to restrict production or otherwise unreasonably enhance prices.
2. Power to punish hoarding by consumers, manufacturers, or dealers.
3. Authority to seize hoarded necessities and sell them in such manner "as to provide the most equitable distribution."
4. Authority to the President to requisition necessities for the Army and Navy "or for any other public use connected with the common defense . . . and to requisition or otherwise provide storage facilities for such supplies."
5. Authority to the President to purchase, store, and provide storage facilities for wheat, flour and other foodstuffs named and to sell them for cash.
6. Authority to the President to requisition and operate factories, packing houses and other plants, or any part of them, used in the production of necessities.
7. Authority to the President to regulate or prohibit transactions in necessities on the produce exchanges.
8. Authority to the President to fix, and to maintain, when necessary, by special tariff duties or by government purchase, guaranteed prices for wheat, except for the crop of 1918 the basic price for which is guaranteed by Congress at \$2 per bushel until May 1, 1919.

9. Authority to the President³⁷ to license dealers in necessities, if he finds such action essential in order to carry into effect any of the provisions of the act, and to prescribe reasonable charges to be made and practices to be followed by them.

1. The first group of provisions of the act contains principles of law which, for the most part, were already established in substance in the laws of the several states and in the federal laws governing interstate commerce and which required, therefore, no new economic theory to support them. The chief advantage of including these provisions in the Food and Fuel Control act lies in their moral effect as a deterrent and in the probable superior efficiency of the administrative machinery provided by the act, which, it should be noted, may operate throughout the country irrespective of state lines.

2. The arguments in favor of the inclusion of provisions against hoarding were summarized as follows in a memorandum on the constitutionality of food control legislation prepared for the House Committee on Agriculture by Mr. Francis G. Caffey, solicitor of the Department of Agriculture, and his assistants:³⁸

In times of alleged or real shortage there is a disposition amongst consumers, based upon the fear of actual need or the apprehension of higher prices, to buy up and store quantities of necessities in excess of their ordinary requirements. Such practices frequently result in spoilage and abnormally tend to increase prices. The fear or apprehension on the part of the consumer is commercialized, and inspires hoarding by speculators for the purpose of making unusual profits. There are indications that hoarding is being practiced throughout the country by both consumers and speculators. If hoarding be not restrained by Congress, it is likely to result that, while there were sufficient necessities in the country to supply all the needs of the Government and the people, the Government and many of the people could not get sufficient for their needs unless at excessive prices.

3. The granting of authority to the government to seize and sell necessities found to be hoarded naturally accompanied the prohibition of hoarding.

4. The granting of authority to the President to requisition supplies for the Army and Navy seems to have been accepted as a matter of obvious necessity although the use of the phrase "or

³⁷ Although the Food Administration has been given the task of administering the food control provisions of the act it is nowhere specifically mentioned in the act, the President's authority for enlisting the aid of the Food Administration being found in the general terms of Section 2.

³⁸ Document cited in footnote 17, p. 504.

for any other public use connected with the common defense" might well, by reason of the very broad interpretation possible, have given rise to an interesting discussion of economic theory. The issue involved in this phrase, however, is presented more forcibly by the groups of provisions next to be considered.

5. That the government should be given authority in case of extreme emergency to purchase and subsequently dispose of food products, and to fix maximum or minimum prices was recommended to the Senate in a report by Secretary Houston of the Department of Agriculture on April 18, 1917, in compliance with a Senate resolution (Number 26) adopted April 6, 1917.³⁹ This recommendation embodied the views of a conference on the general agricultural situation held by the Secretary of Agriculture at St. Louis on April 9 and 10, 1917, with the agricultural representatives of thirty-two states. The conference had adopted a report in which the following was one of the suggestions made:⁴⁰

The very low food reserves of the world, due to last year's short crops, the increased demands due to the consumption and waste of war, and the disappointing condition of the winter grain crop give ample assurance of profitable prices to producers this year. Therefore, the fixing of maximum or minimum prices need not be undertaken at this time, but the fact that such a course may become necessary in the future advises the creation of agencies which will enable the Government to act wisely when the necessity may arise. To this end, it would be well for the Congress of the United States to authorize the Council of National Defense, if deemed necessary, to purchase, store and subsequently distribute food products, or to fix prices in any national emergency caused by a temporary or local overproduction, or by a sudden ending of the war, or by restraints of trade, manipulations, or uneconomic speculation, in order that producers may not be required to suffer loss on account of the extraordinary efforts they are now asked to make and in order that consumers may not be required to pay oppressive prices in case of disorganized or inadequate transportation.

Secretary Houston's reason for recommending that the government be given authority to deal in foodstuffs in case of emergency was evidently his belief that it might be necessary in order to provide an effective method for maintaining any minimum or maximum prices which might be fixed by the government. This opinion was shared by Mr. Hoover, who asserted in his testimony before the Senate Committee on Agriculture and Forestry on May 8,

³⁹ *Weekly News Letter*, May 2, 1917, p. 1.

⁴⁰ *Weekly News Letter*, April 25, 1917, p. 3; also pp. 4-10, document cited in footnote 17.

1917, that a maximum price had proved a failure in Europe except when the government owned so much of a commodity that it could control the market. To illustrate he stated that the French government imported last year about 25 per cent of their bread-stuffs requirements and used that as a club to maintain the maximum price, but "in all commodities where there is no club of that character the maximum price is a total failure." In explanation Mr. Hoover added that when a maximum price is established, immediately all consumers who can will open a chain directly with the producer, not only to supply their daily needs but to enable them to hoard; and that a phenomenon accompanying maximum price has been the total disappearance of the commodity from the normal market within from a fortnight to three months' time, because those minority consumers who can reach the producer directly will absorb the whole supply and will make their own bargains.⁴¹ However, as will be shown later, Mr. Hoover favored a fixed price instead of a maximum or a minimum price.

6. That the Department of Agriculture should be given power to "take over" and operate factories, packing houses, and other plants used in the production or distribution of food, feeds, agricultural implements and machinery, fertilizers and other agricultural supplies "whenever such course may be necessary in the public interest" was another of the recommendations made to the Senate in the report submitted to it by Secretary Houston on April 18, 1917.⁴² The granting of this power had also been urged by the St. Louis conference mentioned above.⁴³ The arguments in favor of Secretary Houston's recommendation are found in the memorandum on the constitutionality of food control legislation prepared by the legal staff of the Department of Agriculture.⁴⁴

It may be found that certain mines, factories, or plants are idle and that their owners are not able or willing to operate them; that some are engaged in producing foods or fuels when other foods or fuels are more desirable in the light of war needs or that others are engaged in producing foods or fuels which are essential for ourselves and the countries with which we are coöperating but are disposing of them in neutral countries. Obviously, in such cases, the exercise of the power to take over and operate is plainly adapted to stimulating production and to

⁴¹ Document cited in footnote 16, part 4, pp. 377-378.

⁴² *Weekly News Letter*, May 2, 1917, p. 2.

⁴³ *Ibid.*, April 25, 1917, p. 2.

⁴⁴ Document cited in footnote 17, p. 504.

assuring an adequate and continuous supply of food or fuel for ourselves and the countries relying upon us for assistance.

If the foregoing quotation correctly and completely represents the views of the Department of Agriculture, the primary purpose of the power sought was to stimulate production rather than directly to restrain prices to consumers. Mr. Hoover, in urging the granting of "large powers" to the proposed food administrator, which apparently included the power in question, seems to have had the control of prices and distribution as his primary object. As is well known, Mr. Hoover has advocated resort to the voluntary coöperation of men in the food trades whenever possible as preferable to compulsion; but he is a man of too broad experience to overlook the incentive to coöperation which the possibility of government seizure of industry creates. Consequently, Mr. Hoover argued that it was "absolutely necessary" for the government to have "complete power" over the distributors of food products subjected to government control. This would make it possible for the government to force the unwilling five per cent likely to be found among the dealers in the food trades in all countries into coöperating with the patriotic ninety-five per cent and the government under penalty of surrendering all control of their businesses to the government.⁴⁵

7. The authority given the President to regulate or prohibit transactions in necessities on the grain exchanges raises one of the several fundamental questions in economic theory which are presented by the act. This authority was contained in the bill (H. R. 4630) considered by Solicitor Caffey and his assistants, the arguments for the grant of power to the President being stated as follows:⁴⁶

In order to restrain injurious speculation the exchanges on which necessities are dealt in may, if the emergency requires, be subordinated to control by the President. While exchanges undoubtedly render many useful services to legitimate business, nevertheless it is a fact that at times some of them may be employed for purely speculative purposes and they are susceptible to use for manipulation. The privilege of dealing on small margins through exchanges may enable market manipulators, upon the investment of relatively small capital, to depress or enhance prices as their interests may appear, without regard to the law of supply and demand. This privilege may be exercised against the producer and the consumer alternately. War conditions have a tendency to inflame cupidity and create uncertainties which breed destruc-

⁴⁵ Document cited in footnote 16, part 4, p. 385.

⁴⁶ Document cited in footnote 17, pp. 504-505.

tive speculation. Unjustifiable price fluctuations may take place overnight. These demoralize and disturb legitimate business interests and the processes of production and distribution. The exchanges afford facilities for speculative trading in forward contracts for necessities by citizens and aliens, which under readily conceivable circumstances might be inimical to the best interests of this country and seriously hamper the Government in provisioning its Army and Navy.

It is to be regretted that no attempt was made in the foregoing statement to explain the differences between "injurious" or "destructive" speculation and the "many useful services" rendered by the exchanges and that the particular kinds of market "manipulations" and "unjustifiable price fluctuations" referred to are not described in detail. In this connection it should be stated that Secretary Houston and other spokesmen for the Department of Agriculture have been very guarded in their expressions of opinion concerning the extent to which "injurious speculation" prevails in the wheat trade. Secretary Houston stated before the House Committee on Agriculture⁴⁷ that speculation "may be a very influential factor" in causing high prices and fluctuations in prices but that he would "like to have more facts, fuller knowledge, before expressing a final opinion."

Mr. Hoover, perhaps as the result of his two and a half years' experience with the grain trade as chairman of the Belgian Relief Commission, was more positive and more definite in his arguments for government control of the grain exchanges and other distributing agencies in the trade. His arguments are based solely upon war conditions—from the first he has urged that the activities of the food administration should cease with the war—and they carry no suggestion that permanent changes in our marketing system are necessary or desirable. If Mr. Hoover sees the need of such changes he evidently believes that they should be made after the war. The purpose of the Food and Fuel Control act is to meet the acute needs of a great international crisis, not to satisfy the demands of those producers and consumers who believe that the marketing of food products and other necessities is a proper government function in times of peace as well as in times of war.

As Mr. Hoover sees the present situation "our normal economic machine for the regulation of prices is broken down"⁴⁸ and "the

⁴⁷ Document cited in footnote 17, p. 18.

⁴⁸ "Waste Not, Want Not—An Interview with the United States Food Administrator," by Donald Wilhelm, *Independent*, vol. 90 (June 9, 1917), pp. 459-460.

normal determination of the price of wheat by the ebb and flow of commerce is totally destroyed."⁴⁹ This condition is the result of the general dislocation of international trade in wheat and wheat products, the urgent need for American wheat in Europe, and the practical monopoly of export buying maintained by the Allies in the United States. Unless the government in coöperation with private commercial interests sets up temporary machinery which will restore "stability of prices" the play of economic forces and other influences on the grain exchanges will send prices to a level which will cause much suffering to consumers and consequently serious embarrassment to the government in its prosecution of the war. Prices will rise if unrestrained, Mr. Hoover explains,⁵⁰ partly because of the "clamorous desire for food" in Europe and partly because the American market will be subject to "violent agitation" from the "shocks of irregular demand and supply and of speculation" which will compel middlemen to exact wider margins as compensation for the greater risks they will have to assume.

8. Both Secretary Houston and Mr. Hoover considered it necessary that the government should be given the power to fix prices for wheat. Secretary Houston, in the report which he submitted to the Senate on April 18, 1917, urged that the government should have power to fix maximum or minimum prices for food products "in case of extreme emergency."⁵¹ This was in accordance with the suggestions made on the subject by the St. Louis conference.⁵² Secretary Houston advocated a grant of power to some administrative agency to fix minimum prices on the ground that such action might be necessary to induce farmers to increase production.⁵³ The power to fix maximum prices should not be exercised, he thought, to depress prices to producers but the government should use this power, if necessary, to "control uneconomic speculation and manipulation in the handling [*i.e.*, in the distribution] of food products."⁵³ He was not advising, Secretary Houston explained to the House Committee on Agriculture,⁵⁴

⁴⁹ United States Food Administration Bulletin No. 6 (Washington, 1917), p. 8.

⁵⁰ *Independent*, *loc. cit.*, United States Food Administration Bulletin No. 1, p. 9, and Bulletin No. 6, p. 8; and document cited in footnote 16, part 4, p. 376.

⁵¹ *Weekly News Letter*, May 2, 1917, p. 2.

⁵² See p. 79 above.

⁵³ Document cited in footnote 16, part 1, p. 17.

⁵⁴ Document cited in footnote 17, p. 19.

that the powers in question should actually be exercised with respect to any particular commodity, but he thought it necessary that the government should have these powers. Questions as to the commodities whose prices were to be fixed and the methods of determining the prices to be established would have to be left to be decided after careful study of European experience and our own "domestic conditions and relations."

Mr. Hoover, like Secretary Houston, seems to have looked upon direct price fixing by the government as a device to be used only as a last resort. Mr. Hoover's chief purpose in advocating food control was, it is true, to secure governmental machinery which would restrain food prices from rising as they might have risen without it; but he appears to have placed reliance mainly upon the voluntary coöperation of dealers in the food trades reinforced by certain regulatory provisions of the legislation proposed, "the penal provisions against waste and hoarding" and "positive action on the part of the Government in the purchase and sale of food-stuffs."⁵⁵ Mr. Hoover's published utterances on the subject of direct price fixing, however, are not specific as to the extent to which he thinks the government could wisely go in fixing prices.

Mr. Hoover's principal political argument for government control, direct or indirect, of food prices is that such control is essential to the preservation of domestic tranquillity during the war. The beneficent effect of high prices as a conservator of scanty food supplies Mr. Hoover denies.⁵⁶ It is true, he admits, that high prices reduce consumption but they do it at the expense of the poorer classes of consumers and "there is no national conservation," he argues, "in robbing our working classes of the ability to buy food." In the long run rising prices will be followed by rising wages but this result will come about but slowly and unevenly. "As the wage level rises with inequality," Mr. Hoover explains, "it is the door leading to strikes, disorder, to riots and defeats of our national efficiency" and the experience of the world proves that it is wiser to control prices than to attempt to "readjust the income of the whole community."

The political importance of the price of wheat Mr. Hoover

⁵⁵ Testimony before the Senate Committee on Agriculture and Forestry, June 19, 1917. Reprinted in United States Food Administration Bulletin No. 1, pp. 16-27. See especially p. 21.

⁵⁶ Address before the National Chamber of Commerce at Atlantic City, September 19, 1917. Reprinted in United States Food Administration Bulletin No. 7.

illustrates by reference to conditions among the Allies. "With the lower classes of Europe," he says,⁵⁷ "bread is the fetish of food"; and "without the loaf, even assuming that you could put into their bellies a dietetic sufficiency of something, you could not preserve public tranquility." In support of this contention Mr. Hoover quoted the mayor of Paris as saying to him that "they had four days' bread supply in the city of Paris, and if they did not get it on the fifth day the war would be over."

It will no doubt be generally agreed that rising food prices in time of war constitute a serious menace to domestic peace as well as to the public health; but, it may be asked, does the proof of the existence of a danger prove the efficacy of the safeguards proposed against it? Mr. Hoover answered this question⁵⁸ while the Food and Fuel Control bill was pending in Congress by asserting that "as a general fact, the average prices to the consumer were lower in food-controlled countries than in the United States" and referring specifically to the prices of bread in Belgium, France, and England which he said were respectively 60, 40 and 30 per cent lower than the price of bread in the United States.

The savings to the American consumer resulting from government food control should be made, Mr. Hoover thinks,⁵⁹ "by the exclusion of speculative profits from the handling of our food-stuffs" and not "by a sacrifice on the part of the producer." The exclusion of "speculative profits" from the wheat and flour trades, Mr. Hoover estimated in June, 1917,⁶⁰ would permit the reduction of the retail price of flour from an average of \$14 or more per barrel to \$9 per barrel, thus saving the American public \$50,000,000 per month without trenching upon "normal manufacturing cost" or the "normal profits of the trade."

It is evident from the foregoing that Mr. Hoover believes in general that the "normal price" of the cost-of-production theorists among economists is *the* just price; though it should be noted that he apparently considers no part of speculative profits as "necessary profits" which must be covered by the normal price. The choice of maximum, minimum, or fixed prices as the basis of a government price-fixing policy therefore gives Mr. Hoover no difficulty. "Of European experience in price-fixing," he says,⁶¹

⁵⁷ Document cited in footnote 16, part 4, 375.

⁵⁸ Testimony before the Senate Committee on Agriculture and Forestry, June 19, 1917. Reprinted in United States Food Administration Bulletin Nos. 1 and 2.

⁵⁹ Address before the National Chamber of Commerce at Atlantic City,

"practically but one formula has remained, and that is the fixed specified price for every stage of a given commodity, from its raw to its finished delivered state, based as nearly as may be on the cost of production and reasonable return on capital."

The provisions of the Food and Fuel Control act which guarantee wheat growers in the United States a minimum price of \$2 per bushel for the 1918 crop are the result of the amendment of the administration food control bills as originally introduced. The theory upon which this price guarantee is based has already been set forth in the quotations from farmer spokesmen.⁶⁰ It is probably one of the least assailable of the theories which support the act and, although the necessity of a price guarantee was questioned in the discussion of the act in Congress, there seems to have been little doubt of its efficacy barring crop failures when applied in time to a situation demanding a stimulus to production. Such questions as were raised concerned the necessity of any additional stimulus to production, the adequacy or reasonableness of the minimum price decided upon, and the policy of fixing this price by legislative action. It is true that Mr. Hoover expressed himself as opposed to reliance upon minimum prices; but his opposition seems to have been directed not so much against the use of a guaranteed minimum price as an incentive to the farmer as against the proposal to stop with the fixing of minimum prices or to fix both minimum and maximum prices. In connection with Mr. Hoover's views it may be noted that the fixed, "arbitrary price"⁶¹ which he advocated will serve as a guarantee to the farmer if fixed sufficiently in advance of the harvest or if certain, when fixed, to be based upon a reasonable consideration of the farmer's costs of production so far as the latter are ascertainable.

9. The provisions which authorize the President to license dealers in necessities and, when necessary, to prescribe their charges and practices remain to be considered in our analysis of the theory upon which the Food and Fuel Control act is based. The licensing provisions are an administrative device designed merely to aid in carrying out the general purposes of the act, and in themselves, therefore, present a political rather than an economic problem. Briefly summarized⁶² the argument is that September 19, 1917. Reprinted in United States Food Administration Bulletin No. 7.

⁶⁰ Pp. 69-70 above.

⁶¹ Document cited in footnote 16, part, 4, pp. 381, 415.

⁶² Document cited in footnote 17, p. 505.

licensing is a "convenient and necessary means" of bringing dealers under direct federal supervision and control and thereby "eliminating waste, preventing hoarding, regulating rates and charges, conserving the food supply, preventing discriminatory and unfair practices, and procuring from time to time valuable information concerning supply and demand."

The authority given the President to prescribe reasonable charges and practices for dealers in necessities subject to the licensing provisions, when the charges and practices of such dealers are found to be unreasonable, is designed, like the licensing provisions, to aid in carrying out the general provisions of the act. The arguments in favor of this grant of power were, for the most part, included or implied in the arguments advanced in favor of the main policies of the act and therefore need not be examined in detail here.

WILLIAM M. DUFFUS.

University of Kansas.

MANDEVILLE IN THE TWENTIETH CENTURY

It is often stated that Adam Smith wrote to refute the doctrines of the mercantile school. It is Mandeville, however, who started the series of discussions which led up to the *Wealth of Nations*. No sooner had the *Fable of the Bees* appeared than replies began, each doing something to overturn the despised doctrine. What others failed to do, Smith succeeded in doing, and his book has been ever since a storehouse of arguments of economic orthodoxy. But doctrines though refuted loom up at each new national crisis with the same vigor and plausibility as had their originals. Is spending beneficial to trade is answered in the affirmative by as eager a host of popular writers as those of Mandeville's time. They would not say that the burning of London was good for trade, but they assume that expenditure for war makes a nation rich. They might not say that the sinking of a ship was beneficial, but if submarines sink a third of what we send abroad they would affirm that business was increased thereby. Even the worst do something for public good would now be interpreted to mean that German frightfulness makes business lively by making more work. Think of how rich we will make ourselves rebuilding the desolate regions of Belgium, North France, and Poland. Surely if work is the essence of trade there is plenty of it ahead of us. If we can keep up our spending and carry on the war at the same time, Mandeville is right. And so is he if we are made richer by the bonds we issue. Twenty billions of bonds we are told makes us twenty billions richer. "Buy a bond and pass it on" is a slogan equal in cogency to any of Mandeville's sayings. As the doctrine has been put in poetry, it deserves being perpetuated and placed in the same category as the *Fable of the Bees*. Here it is as written by Mr. Foley, an advertising expert. If this is not inflation, what is? Could paper money do more?

BUY A BOND AND PASS IT ALONG

Tom Robinson, the plumber, bought a hundred-dollar bond. Though he truly loved his country, of his cash he sure was fond. "I've bought because it's duty," said he to Doctor Jones. "I've got to do my little bit to help the Allied loans."

The Doctor said: "I bought some bonds, then with them bought a car. You owe me just a hundred." Said the plumber: "There you are." And handed Jones his new-bought bond; then Jones paid off a debt Of a hundred, to the furrier—before he could forget.

The furrier had bought some clothes—an honest man was he—
“Let’s pay with Uncle Sam’s good bond that helps to set men free!”
And so he paid. The clothier squared up an old account
With his jobber—so the bond went on, intact in its amount.

The jobber owed the grocer for the things his family ate.
Said he: “I’ll pay in Libertys—you need no longer wait.”
Then the grocer paid the butcher, who owed the carpet store,
And he in turn reduced his debt and helped along the war.

“I’d like to buy a dress now,” said the carpet merchant’s wife,
“A hundred-dollar one will do—with bargains stores are rife.”
The modiste got the bond. Said she: “I know what I will do.
I’ll have the bathroom fixed up fine and made to look like new.”

And so, ere long, Tom Robinson, the plumber, had his bond
And no one in the country will be quicker to respond
When Uncle Sam’s next loan appears. The moral of this tale
Is Buy a Bond and Pass It On—our country cannot fail.

Were this merely the voice of the street it might be overlooked, but it is what editors, orators, bankers, and officials are saying in a thousand forms. It is spoken as clearly as was the famous dictum of Jay Cooke during the Civil War that a national debt was a national blessing. We extol the bond and avoid the tax. War thus not only brings glory but also wealth. The more we spend the richer we are. These doctrines of the press and the platform also find an echo among the economists who, forgetting their traditions, join in the popular clamor. There are two causes for this. Economists have the same emotions as other people and find it hard to resist the cry of the street. They seek some compromise by which their feelings and their principles may be harmonized. Victory first and sound reasoning afterwards. Nor are economists free from class bias. Taxation they hate as it bears heavily on the class they represent. Where can one find a discussion of taxation that is not a tirade against the evils of taxation? This attitude degrades the scientific discussion of taxation into a plea for tax exemption. The only good tax is the one some one else pays.

It would be a useless task to flag some unknown scientist for these errors. The defense of economic theory must be made against those in high places or its cause will be lost. We cannot expect the man of the street or the rising host of young economists to

stand for economic integrity if our best known economists fail in the task which rightly belongs to them.¹

One of the ways of discrediting an opponent is to assert the newness of his doctrine and thus to put on him the burden of seeming to overthrow established positions. Dr. Hollander, for example, finds that "the resistance to funding in war finance" was first explicitly stated by Mr. Pigou in 1916 and regards it "both as a melancholy example of scientific lapse and as a mischief-making error." What of this statement made not in 1916 but in 1808? "Were I a minister of Great Britain I would tax the country up to the fullest measure of public necessities and though the voice of obloquy arose from every corner of the empire I would brave it."² If this is not clear enough, take another quotation from the same author. "The important deduction to be made from this argument is that when the government defrays any of its expenses by borrowing, it does so by a method which is doubly more burdensome to the country than when it defrays the expense by taxes raised within the year."³ Chalmers' view was restated by Mill in his third proposition respecting capital and has ever since been regarded as an essential part of economic theory. Dr. Hollander's position is a crude form of the quantity theory of money. About its assumptions I shall not argue, because the issue lies at other points. This theory belongs to the group of which the wage fund, the law of diminishing returns, and the doctrine of laissez faire are notable instances. They are built on the assumption that the economist can sit in his study and know what is going on outside, without looking out. When economists become pragmatic, they define inflation and study its manifestations before they theorize about it. Is Mr. Foley's position sound, and is it or is it not the popular method of representing the possibilities of bond issues? Are we trying to do business as usual and buy bonds without saving, or is economy not only preached but practiced? What evidence have we that popular savings correspond to the amount of bond issues? Are the major part of the national bonds still held by the banks or have they passed into the

¹ Examples of what I regard as unsound reasoning may be found in recent papers read before the American Academy of Political and Social Science, as "Do Government Loans Cause Inflation?" J. H. Hollander; "Loans vs. Taxes in War Finance," E. R. A. Seligman, *Annals of the American Academy*, Jan., 1918.

² Thomas Chalmers, *National Resources*, p. 306.

³ *On Political Economy* (1832), p. 492.

hands of the investing public? From these facts we may learn what inflation is and how to test its presence. The decision does not depend on the quantity theory of money nor is it a deduction therefrom. Inflation is an overestimate of present powers to consume. It is a rise in prices without a corresponding rise in the physical costs of production. If the resulting state is not to be called inflation it at least deserves study. There is plenty of evidence of rising values, but none of an increase of physical costs. The efficiency of labor is greater than it ever was. This means more free income but it does not indicate an increase of saving. What comes easily goes with even greater ease. I can find no evidence that the American people have as yet materially reduced their consumption of goods. Most of the items which I have been able to check show increases and the news summaries reveal the same tendency. Dr. Hollander must show facts as well as make assertions.

Professor Seligman is not so bold a theorist as Dr. Hollander, but he has an overconfidence which leads him to give his opponents the long end of the lever and thus to deprive his argument of its plausibility. He admits that the objective costs of the war must be borne by the present. War consumes commodities and demands service. Both must be met by present exertions. But he claims the real costs of the war are the subjective losses which it imposes. These he claims can be postponed, and thus a part of the burden may be passed on to the future. In recent years an emphasis has been placed on the subjective elements in economic theory. I have done my part in this work and do not wish to retract what I have said. But Dr. Seligman neglects the important background to all theorizing. The subjective is not economics but psychology. We use psychology not to reach a final settlement of economic doctrine, but to handle problems of which the objective data are still unknown. Take, for example, early discussions of the consumption of wealth. At that time no elaborate statistical data of the food supply were at hand. The only tests were crude measures of our eagerness for food. Much was thus added to our knowledge of the standard of living. But such reasoning, valuable as it is, cannot be put in opposition to the facts we now have as to the necessary elements in national nurture. When we have the facts our psychologic estimates go by the board. Knowing how many calories are needed to support an efficient worker, his likes and dislikes are a matter of no mo-

ment. If he suppresses his feelings and lives as he should he prospers. If his psychic antipathies are too strong to permit an adjustment to the new conditions he must be regarded defective. Our feelings are our best standards so long as objective data fail, but to put feelings in opposition to fact is to oppose knowledge.

It would be interesting to have Dr. Seligman state just what these subjective costs are which he thinks can be postponed. Only when this is done can we estimate their value. Were they stated they would be found to be feelings which we compensate in the future at our peril. One of the benefits of the war, perhaps its greatest compensation, is the removal of disadjustive feelings—those which in a cruder civilization were of use, but which now have become bars to further progress. When we see the change which increasing knowledge has brought in regard to liquor we may hope that many more changes are in sight where objective fact will displace subjective estimate. The time has come for economists to base their arguments on known facts. When they do we shall hear nothing more of repaying in the future the burden of subjective cost borne today by those whose estimates of their welfare do not tally with present reality. Only those can be happy whose ideals, concepts, and feelings are grounded on the world about us. It is we who should adjust ourselves to nature and not nature that must change to meet our whims.

We now come to Professor Seligman's main thesis. Must the costs of the war be borne by the present, or can the burden be shared with the future? The answer to this question depends on the meaning attached to the terms. How long a period is the present and how far off is the future? To make the terms definite, I shall assume that the present means the period in which the present holders of property must bear the burdens imposed and that the future means the time when the next generation assumes the burdens of taxation. The present then means the period of the war or at least the next two or three years. The future is twenty or more years distant. Thus stated, we have a problem which may be solved. It is, however, not a solution to show that the present may burden the future. We do this by every false move we make. It is one thing to burden and quite another to so burden that the present may obtain some relief. It is only the latter case which is worth discussing. The illustrations used by Dr. Seligman relate to the replacement of capital and to over-

strain imposed on the laborer. In these cases he has not examined the evidence as carefully as he should. It is possible to delay the replacement of a plant, but this brings with it immediate losses to national efficiency if the plant is essential to the prosecution of the war. The railroads have been sparing for the last few years in replacing their rolling stock and in enlarging their track-age but today we find they have placed a huge burden on the present by their false economy. We suffer from high prices in a way we could have avoided if the railroads had enlarged their rolling stock as they should. What is true in this case is equally true in every essential industry. The lesson of the war is that victory comes by industry behind the lines more than by those in the trenches. Enormous quantities of fixed and circulating capital are thus demanded beyond the normal needs of times of peace. Equally true is the limit to the exploitation of labor. For a few weeks a worker can stand an overstrain, but the lesson of the war is that the hours of work must be shortened and labor conditions improved to get the maximum efficiency from laborers. The opposite of Dr. Seligman's contention is, therefore, true. To minimize its burden the present must not only bear the expense of the armies but it must reduce its consumption still further so that fixed capital may be increased and labor better provided for. Any attempt to scrimp in these items increases present burdens through national inefficiency, and may even defeat the object for which the war is waged. If any expenditure is a necessity, that expenditure must be increased. The burden of the war must therefore fall on present consumption, which must be reduced by a sum equaling the cost of military expenditure plus that demanded by the increase of capital and the better care of labor. Comforts may be delayed but not necessities.

Professor Seligman's second point relates to the use of credit which to many is an obscure phenomenon. In some mysterious way it can, they think, increase the efficiency of capital and labor. It may even, many contend, be a substitute for them. But if carefully defined terms are used, credit becomes a simple matter with advantages and limitations which may be clearly defined. The basis of credit is the period ensuing between the time when work is performed and that when the object produced is consumed. This may be measured by the stock on hand at a given moment or by the time the money of consumers lies in banks before being used. Bankers take advantage of this delay and loan their de-

positors' money on short-term notes. A second form of credit comes from the irregularity of business enterprise. There are few occupations but have slack seasons when all the capital is not in use. Deposits are then increased and the banker may use these funds in places where there is a present urgency. Both these forms of credit are useful, but it should be noticed how short is the delay in each case. Legitimate banking is restricted to commercial paper running not more than ninety days, while long-term credits should be forbidden by law. It is what the law should not permit the banker to do in his regular business which Dr. Seligman advocates. To treasury notes having a short time to run there is no objection provided they are taken up at maturity. But long-term bonds cannot fulfil these conditions. Tying up the consumer's money, they prevent him from using it to meet current expenses. Such a use of credit is sure to bring disaster not only to the future but also to those of the present who share its prosperity. Credit is thus a temporary means of delay but not an available resort for those who would shirk present burdens at the expense of those who come after. It would be more truthful to call the present a cash economy than to call it a credit economy. The vast bank deposits show that the consumer is forehanded and wants to consume instead of rushing ahead with credit expenditures. He knows that cash payments reduce present burdens. To work and then enjoy creates economies which to enjoy before working never produces. The nearer we come to eliminating credit, except in the instance noted, the better for the nation. Would our public affairs were managed with the acuteness with which we manage our own accounts.

To make this point clear I must question another of Dr. Seligman's statements. All credit, he says, rests on a substratum of cash. The fact, however, is that cash rests on credit and not credit on cash. Given a certain quantity of delayed consumption on the part of consumers and the quantity of credit is fixed. Then it becomes a matter of experience how much cash is needed to meet the exigencies which arise from consumers' demands. If business were regular and the moods of consumers unchangeable, little cash would be required. The receipts and outlays of each day would be unvarying. But experience shows that this is not the case. There are fluctuations in demand which sometimes rise to a third of the deposits while again they fall so low that call money has a nominal cost. Bank reserves have a relation to these

irregularities. They are the result of credits and not their cause. We do not get at their source by regarding them as a monetary phenomenon. They are primarily an index of delays in consumption, and grow not as consumers fall behind in their payments and thus create debts but as they are forehanded and wait after production for some favorable opportunity to invest. Odd as it may seem, bank credits grow with cash payments and not with the increase of debt making. They are advances by the consumer to the producer, not cash advances by banks to those consumers who lag in their payments. When this is seen the benefits and limits of bank credits become apparent. The length of particular credits cannot safely exceed the average delay of the consumer in making purchases. We are learning that we must go behind monetary statements and actually measure the goods and food in stock. What food controllers and business controllers do in time of war to avoid exorbitant prices will be done as a regular matter after the war. We shall keep our eyes on the consumer and limit the banks to their proper place.

To focus the attention on the essential, we must contrast the agencies which promote consumption and those which delay it. From lack of a careful analysis we are apt to confuse the two by assuming that the banker does both. This may be true of individual bankers, but if so they use two distinct agencies to secure their ends. Promoting business is done not through banks but through newspapers, advertising, and salesmen. It is an art distinct from banking and demands men of other capabilities. The slogan of men who want business is to advertise, and to do this successfully they must control the newspapers and other agencies which form public opinion. A man who wants more business does not go to a bank and ask for extension of credit. He advertises, gets business, and then goes to the bank for means to enlarge his plant. If he gets consumers to buy before the bank enlarges his credits, the action of the bank is legitimate even if it promotes unproductive consumption. The banker has the consumer's money. He does legitimate business if he loans this money to those from whom the consumer will ultimately purchase. Suppose a banker loans his deposits to plowmakers when his farmer depositors mean to buy automobiles or that he loans the funds of his city depositors to housebuilders when they mean to buy pianos. In each case he would be misdirecting the wealth of the country with the result that production and profits would be re-

duced. He should loan to those who have business and not to those who ought to have business. The consumer is thus the ultimate director of production, and the people who guide him are those who set the pace in business affairs. So long as they control public opinion the banker is powerless to resist the overconsumption which they encourage. They induce consumers to believe they are wealthier than they are, and that their funds can be used in two or more ways at the same time.

Mr. Foley's scheme of passing bonds along is not the only means of promoting overconsumption. A man may keep his bond and yet, assuming it to be cash instead of wealth already spent, he may order a new bathtub for the home, a new dress for his wife, or any other expenditure his newspaper reading encourages. It is the belief that he is wealthier than he is which leads to these indulgences for which not the banker but the advertising expert is responsible. Why should we not spend when we are taught our money can go in several ways at the same time? Why not inculcate patriotism in our children by letting them buy savings stamps and then use the stamps to buy candy? Or why not buy a bond and then exchange the bond for a suit of clothes, an automobile or a piano? If one wishes to be doubly generous, why not buy a bond and then give it to the Red Cross or to some local charity? Patriotism, charity, and pleasures are thus combined.

Criticism, however accurate, is misplaced unless it is accompanied with positive views. The problem of loans and taxation is becoming the test of two systems of economics as diverse in their aims as the mercantile system and that of Adam Smith. A compromise between Smith and a mercantilist is impossible and so is a tax system partly resting on bonds and partly on taxation. As principles differ so also do the presuppositions on which the theory rests. The problem to be solved is, how can a nation with an annual surplus of three billion dollars spend ten billions in a year? It is immaterial whether this surplus is three or five billions or the expenditure ten or fifteen billions. If the surplus exceeds the expenditure whether by one sum or another, all that Dr. Seligman says holds true. But in the reverse case if the expenditure exceeds the surplus the importance of his discussion is reduced and some new theory is demanded to meet conditions which older economists were not compelled to face. Despite the sorrows and laments of the taxpayers the world has never before spent in a given epoch more than it produced. How can nations

do this is a question seriously asked and which must be answered with a like seriousness. There is but one reply possible. The daily consumption of the people must be reduced to correspond to the excess of expenditure over the annual national surplus. Any subterfuge leads to a worse deficit and adds to the danger of a failure of national aims. Bonding is a device of this character. It induces people to think they can grow rich on the unproductive expenditures of the state. Consumption is expanded when it should be contracted. A shortage of goods follows and then come high prices, which make people believe they are more prosperous instead of less so. Taxation if wisely laid would bring order out of chaos and not only exempt future generations from the burdens of war but also lighten those of the present.

In essence, the burden of the war is the excess of national expenditures over national surplus. To this amount the consumption of the people must be reduced. If expenditures are, say, seven billion dollars, consumption should be reduced by this amount and the saving turned over to the government. The account is thus squared in each year and the war is paid for but once. But if, instead of adopting this simple solution, the people try to avoid the burden through loans, what happens? The seven billions needed does not come down out of the clouds. It cannot come out of the annual surplus because this sum is the excess of expenditure above the annual surplus. There is only one way out. The government must cause or permit a rise of prices which increases the profits of individuals. It then borrows of these profiteers the seven billions it needs. Dr. Seligman thinks it suicidal to take seven billions directly and yet the policy adopted takes double the amount from the people's pockets. Here are the figures showing what happens. The agricultural products of this year are valued at twenty-one billion dollars. Practically the same quantities five years ago were worth only ten billion dollars. An able economist estimates that it takes now fifty billion dollars for the American people to secure what they obtained for thirty billions before the war. This shows that the people are paying two dollars in increased prices for every dollar the government benefits by loans. Ten billions have dropped somewhere on the way. This tallies with another statement made by an equally eminent authority who says that during the past year five billion dollars have remained in the hands of corporations as undeclared dividends. If this is true, it will not be difficult to

discover where the other five billions have gone. Not only have the people paid a double amount in consumption taxes but the capitalist has to pay it again. Someone has stated as a law that as the amount of government bonds increases the value of corporation securities decreases. Three payments of war expenses are thus the least which present methods of bonding permit, *two of which are in the present*. The consumer pays, the capitalist pays, and then one or both must pay again at the maturity of the bonds. If bondholders are to be exempt until the bonds are paid each one may figure for himself what future taxation will demand of him. And the misery of the situation is that this solution is the only one which has an opportunity to be used. Would that theorists were given a chance to test these claims! Practical men though they sit in high places and have imposing funerals lie in obscure graves.

I regret the difference which compels me to dissent from Dr. Seligman's position. Because of the popularity of views like those of Mr. Foley, it is important that economists present a sane program. So long as the ability of the nation to pay for the war at once and but once by taxation is in question, such an agreement is impossible. The second point of equal importance is that a higher rate of interest must be offered. Interest rates are four per cent too much or four per cent too low. They are too much if they are a bonus to those who profit by war expenditure. They are too low to arouse the thrift instinct in those who now spend as fast as they earn. As it is, war bonds are war profits and induce free spending instead of curbing it. No part of Dr. Seligman's argument justifies the statement that the full payment of war expenses by taxation would be suicidal. It belongs to a group of assumptions made by business men who have a defective view of their own welfare. An opposition to high wages, high rates of interest, to government restraint, and to taxation is the outspoken expression of this crude antipathy. Economists are not likely to adopt this code as a whole, but they are not free from the bias which this attitude creates. They overestimate the disadvantages which economic transformations bring and underestimate their gains. I doubt if their fears will be justified by the results; but even if change proves damaging, it will do so only because they oppose changes which must come.

SIMON N. PATTEN.

REVIEWS AND NEW BOOKS

General Works, Theory and Its History

NEW BOOKS

MARSHALL, L. C. *Readings in industrial society*. (Chicago: Univ. of Chicago Press. 1918. \$3.50.)

McKITTRICK, R. *Outlines and exercises in economics*. (Cedar Falls, Ia.: S. E. Green. 1917. Pp. 137. \$1.50.)

Contains outlines in syllabus form, with questions for further investigation and precise page notations in books referred to. References are largely confined to about forty books. The volume should be useful to the teacher of elementary economics in institutions where students have but limited library facilities.

ORAGE, A. R. *An alphabet of economics*. (London: The New Age. 1917. 4s. 6d.)

SHELLE, G. *L'économie politique et les économistes*. (Paris: Doin. 1917. Pp. 396. 6 frs.)

SEAGER, H. R. *Principles of economics*. (New York: Holt. 1917. Pp. xx, 662.)

This is a revision and enlargement (to the extent of some 12 pages) of the first edition of the author's *Principles* which was the fourth edition of his *Introduction to Economics*. Except for some revision of statistics bringing them up to a more recent date in various places, the changes consist of descriptions and discussions of some of the important legislation passed between 1913 and January, 1917. The account of the Federal Reserve act is concise and clear; but recent legislation has rendered obsolete what is said about reserve requirements. The author advocates complete retirement of the national bank notes and disapproves of their replacement by federal reserve bank notes. Praise for what the Underwood Tariff act did in reducing duties is qualified by criticism of its complexity and cumbrousness. The chapter on the railroad problem remains unchanged. After a statement of the main provisions of the Federal Trade Commission act and of the Clayton act there are suggested further possibly desirable lines of legislation and administrative interpretation by the commission, such as an authorization of combinations for trade in foreign markets and the fixing of resale prices for specialties. Professor Seager favors federal incorporation of corporations doing interstate business, the granting of power to the President to control tariff rates on goods whose prices are kept unduly high by trust action and also on those goods which are being "dumped" in American markets at unreasonably low prices, and the regulation by the Federal Trade Commission of the prices of monopolized articles. The account of the federal income tax law of 1916 is not of very great value in view of the supplementary and complementary taxes imposed by the War Revenue act of 1917.

One may well doubt the wisdom of futile efforts to keep standard textbooks up to date in the midst of such revolutionary changes as those of the present. There is no need of adding words of praise to those which have been bountifully bestowed upon this work by others in the past. For class use and for reading its great value is generally recognized; but it does seem a rather fruitless undertaking to keep up with the rapidly changing legislation of war times, unless successive editions are to present a "movie" of economic legislation.

HERBERT E. MILLS.

TODD, A. J. *Theories of social progress*. (Minneapolis: The author, University of Minnesota. 1917.)

Economic History and Geography

Economic Annals of the Nineteenth Century. Vol. II, 1821-1830.

By WILLIAM SMART. (New York: The Macmillan Company. 1917. Pp. xxii, 584. \$6.50.)

Seven years after the publication of the first volume, nearly two years after the death of the author, appears this second volume of the *Economic Annals*, covering the decade from 1821 to 1830. The book was completed and revised by the author, but marks presumably the last of his contributions to economic literature.

Readers of the first volume will recall the preface in which Professor Smart outlined with such touching modesty the plan to which he proposed to devote the remaining years of his life. It was not to be history, he said, but "mere spade-work," the collection of materials for the future historian. Some, indeed, of the author's contributions correspond fairly to this characterization: the notices of the deaths and of the new books of the year, of such stray items as the first advertisement of Warren's Blacking and Pears' Genuine Transparent Soap. Much, indeed, of the matter in the text, appears only in its chronological relations; the task of following out the threads of cause and effect, the task of logical explanation, is left for future students. Yet it would be quite unjust to the service which the author has rendered to accept as accurate his own characterization of the work, and to refuse it the title of a work of history. It is a parliamentary history of economic policy. Most of the book is based on Hansard, and gives therefore of facts generally only those that were quoted in debate. When committee reports are cited they have been used in the abbreviated form in which they are printed in Hansard and other secondary sources, shorn of the mass of facts and figures on which they were based. The book clings to the course of the

parliamentary discussions, and on that account treats economic affairs as products of policy, depending for existence on statute law and requiring guidance and correction by the legislator. Such work forms only part of economic history, but it is an important part, and when the work is done by such an experienced economist as Professor Smart, with a lively interest and unflagging industry, the world of scholarship has cause for deep regret that his work is terminated.

The varied contents of the *Annals* make a summary impracticable. The most important topic covered in the present volume is the reform of the tariff, associated with the name of Huskisson. The author follows the debates on this question with particular attention, and gives an interesting picture of the gradual growth of the idea of free trade. He finds in Parnell's speech of November 30, 1826, "the first profession of faith in what we now call Free Trade, by an authoritative person in the House," and ascribes to the same legislator, in a speech made in 1829, "the first complete answer" to the pauper labor argument: "all experience proves that low-priced labour is, in the end, dear labour to those who pay for it." It is interesting to trace, in the debates on the tariff, the corn laws, and public finance, the persistent and growing influence of the classical English economists; and it is particularly interesting to follow the views on questions of the day of Ricardo, of whose speeches a very full account is given. The history of English public finance, in all its perplexing detail, occupies a considerable space; and questions of the poor and of labor receive attention as they rise to public prominence. On each of the many topics which in the decade occupied the attention of Parliament there is something; and a good index makes the contents readily accessible.

CLIVE DAY.

Yale University.

History of Commerce and Industry. By CHEESMAN A. HERRICK.
(New York: The Macmillan Company. 1917. Pp. xxv,
562. \$1.60.)

This volume is designed to serve as a text in secondary schools, forming part of Macmillan's Commercial Series. The survey is more than usually comprehensive, including the entire historical period and rather more reference to political events than is common in books on commercial history. It was the intention of the

author to make it possible to use the book in classes which could not be assumed to possess sufficient background in political history to dispense entirely with brief comment on general history. The treatment of industrial history is definitely subordinated to commercial history, and yet the chapters on industry are much more adequate than one would expect in a book of such compass. There is an interesting series of illustrations of the characteristic types of ships in the various periods, and some cuts of industrial processes. The maps are perhaps adequate to the purposes of the book, but it would seem that they might well have been made somewhat more elaborate and above all larger. None of the maps is given a full page; in many cases barely a third of a page is devoted to a general map of Europe, the Mediterranean, and Asia Minor. The scale is so reduced by such compression that it is a positive effort to study out even the bare outlines of routes marked, and, unless the student has more geographical knowledge than most actually possess, few will perceive the relation of these routes to the geographical features. The maps in Professor Day's *History of Commerce* are superior in every respect: they are more carefully executed, drawn to better scale, and present information that cannot be secured in the usual atlas. Dr. W. C. Webster's *General History of Commerce* contains better maps than Dr. Herrick's text, but they are no more carefully selected.

Dr. Herrick writes for a much less mature reader than does Professor Day, so that there is less emphasis upon matters pertaining to commercial policy or organization. In general, one feels that Dr. Herrick states facts, not infrequently stating generalizations as if they were hard objective facts. There is little attempt at explanations of historical events. This tone has been adopted, no doubt, because of the presumed limitations of the immature student, and probably this estimate of the needs of the student in the secondary school is accurate, but one is inclined to sympathize with Professor Day's effort to introduce into the lower schools the general tone of mature historical writing. In the massing of his material Dr. Herrick has been peculiarly successful. The history of commerce in the ancient world is treated much more elaborately than by Professor Day or Dr. Webster, and the other periods given an amount of space that would be well adapted to the needs of the average secondary school course.

At the close of each chapter there is a list of Books for Consultation; one would infer that the books were recommended as

collateral reading for students but many of the books listed would be heavy reading for the average college class and it is difficult to understand how they could be effectively used in a secondary school. Cunningham's *Growth of English Industry and Commerce* is an admirable book, in its latest edition an indispensable reference book for a research student, but it is not very well adapted to the needs of any class. Buecher's *Industrial Evolution* would seem to be pretty deep for students in secondary schools. Other books could be mentioned in great numbers for these lists include two distinct types of material: books used by the author in preparation, and books that are genuinely within the compass of the students. It is doubtless a good thing to include both types in the references of such a text, but it would be advisable to distinguish the titles carefully. Many editors are at fault in this respect, and one is tempted to believe that more care is necessary if this new tendency in the preparation of texts is to become anything more than a perfunctory setting down of titles selected somewhat at random from the casual bibliographies that one always has at one's elbow. There is nothing very edifying in a mere list of books, and though lists without any comments are doubtless necessary in extensive bibliographies there is little to justify the adoption of such a practice in the brief notices that are designed to invite the student to further study. Is it not reasonable to give him some idea of the intellectual adventures in store for him in these various titles, which in themselves mean no more than a bill of fare in a foreign language?

These various comments will no doubt illustrate the truth of Professor Morse Stephens' dictum, that there is no thoroughly good textbook unless one writes one's own text. Dr. Herrick's text affords many suggestions of an interesting course, but one is inclined to believe that the personality of the teacher has carried the class over many difficult spots. It is not so clear to the reviewer that the book itself would succeed as well in other hands, though it might well be an inspiration to a thoughtful teacher. Many of the larger generalizations of commercial history are carefully stated, so that the book is much more than a bare review of the annals of commerce, but many of these generalizations would scarcely carry through without good wall maps and careful presentation in class.

ABBOTT PAYSON USHER.

Cornell University.

Trade of the Delaware District before the Revolution. By MARY ALICE HANNA. Smith College Studies in History, Vol. II, No. 4. (Northampton, Mass. 1917. Pp. 239-348. 50 cents.)

I do not think that Miss Hanna was well advised in publishing the results of her investigation in their present form. The subject is an important one, the plan of the author is well conceived, and the material, much of it from the Public Record Office, is of the right kind and substantial, yet the paper here presented is not a finished treatise, but a fragmentary and incomplete outline of a subject that is too complicated for a beginner and too big for inclusion in a brochure of scarcely more than ninety pages.

The topic that Miss Hanna originally selected for investigation was the trade of the Philadelphia district, that is, of Philadelphia and its surrounding country, the Lower Counties, and part of New Jersey, and she planned to limit her study to the years from 1763 to 1773. What she has printed is a rapid survey of Philadelphia trade from the beginning, followed by a series of chapters on British commercial policy and methods of trade control, in which the main subject is in a measure lost to sight amid a body of details relating to vice-admiralty courts, the customs service, manufacturing, the fee-system, and the non-importation movement. These are large topics, each of which is in itself sufficient for a monograph.

Much of the information furnished is new and of real value and the references and appendices are bound to be of service to any one working in the field, but the text is not well written. Miss Hanna's style is indistinct and her sequences often far from clear. She has firm convictions on many points, but so brief is her treatment and so incomplete her evidence that it is sometimes difficult to follow her argument or to discover the process of reasoning by which she attains her conclusions. It is hard to see how even in a compendious account of the vice-admiralty system the reorganization of 1768 could be left out, or how any reasonable knowledge of the non-importation movement could permit the statement that the Philadelphia merchants were the last to coöperate and the last to withdraw. The difficulties arising from so brief a treatment of trade legislation appear in all that is said of the parliamentary measures of 1764, 1765, and 1766.

In her researches at the Public Record Office and elsewhere, Miss Hanna has brought to light many useful and contributory documents and pamphlets and has placed students of the subject in

her debt by calling attention to many helpful sources of information. I, in particular, am grateful for the reference to the Philadelphia non-importation agreement of March 10, 1769, for a copy of which I have looked in vain, and I would like further to know where to find the text of the agreement of February 6 of the same year, which has also eluded me. In fact, so much good material has gone into the making of this essay that Miss Hanna is well prepared to begin its reconstruction on a much larger scale. I wish that she might make first of all a more thoroughgoing study of the actual trade conditions of Philadelphia and its adjacent areas of supply and distribution, covering not only the immediate neighborhood but the western shore of Maryland and also the eastern shores of Maryland and Virginia. Much information could be obtained from merchants' letter-books and accounts, shipping lists, and contemporary newspapers and diaries. Intensive studies of this character, dealing with small and well integrated fields, are greatly needed at the present stage of work in colonial commercial history.

CHARLES M. ANDREWS.

Yale University.

Economic History of Wisconsin during the Civil War Decade.

By FREDERICK MERK. Publications of the State Historical Society of Wisconsin. Studies, Vol. I. (Madison, Wis.: Published by the Society. 1916. Pp. 414. \$2.00.)

An important contribution to the economic history of the Civil War period is made by this book. The fifteen chapters deal with agriculture, lumbering (two chapters), mining, manufacturing, labor, banking, trade, railroad farm mortgages, railroad construction, railroad consolidation, the anti-monopoly revolt, the genesis of railroad regulation, commerce of the upper Mississippi, and the commerce of the Great Lakes. Much material has been brought together, so much, indeed, that one feels the need of a summary presentation of some of the more important features of the period. The author has an interesting style and he has succeeded in putting this mass of economic data into very readable form.

There is a slight tendency to treat rather fully the spectacular features and not give sufficient attention to other less conspicuous but more fundamental phases of the period. For example, in the first chapter less attention might have been given to some of the

minor agricultural pursuits and more to the significance of the price level which obtained during the Civil War decade and for some years thereafter. This lack of emphasis in the study of the conditions of agriculture has in turn left something to be desired in the discussion on railway regulation. In the close of this discussion the author states that the reason there was no regulation of railways in Wisconsin in the decade 1860-1870 was because Wisconsin legislatures "were too completely dominated" (p. 342) by the railway lobby. Granting that the railway influence in the legislature was no small factor, so sweeping a statement concerning it overlooks other important factors. In the first place, such an interpretation appears to be due to a lack of the proper perspective of the closing years of the decade and the years following 1870. Here the author does not seem to have made good his claim (p. 12) that important events have been followed either to their conclusion or to a point at which it was profitable to leave them. A careful comparison of price levels for the five-year periods from about 1863 to about 1868 and from about 1869 to 1874 aids materially in the interpretation of the decade under consideration. Certainly a fundamental reason for the lack of railway regulation in Wisconsin, Iowa, and bordering states between 1860 and 1870 was the prosperous condition of agriculture. This angle of the situation is not considered, although the prosperity of the decade is commented upon.

Furthermore, it does not seem that the faith which was placed in competition as a regulator of railway rates has been given sufficient recognition (see pp. 336-337). This same faith was incorporated in the Act to Regulate Commerce nearly twenty years later. The influence of this theory with legislative committees in Wisconsin, during the period, in spite of developments in railway consolidation, was probably as important as that of the railway lobby in leading them to the conclusion that railway development would be fostered both by liberal returns and the absence of restrictive legislation.¹

Some improvement in the editing of the study might have been made. The use of abbreviations in the footnotes has not been uniform throughout. References are sometimes replete on minor matters and inadequate on matters of more importance. For example, frequent comment is made on the relation of the granger movement to this period, yet nowhere in the volume is any refer-

¹ *Wis. Assem. Journ.*, 1864, pp. 717-734; *Wis. Senate Journ.*, 1867, pp. 641-648.

ence made to Buck's study of *The Granger Movement*. Also the references on railway legislation for the period, given in the footnote on page 342, are of little value.

C. O. RUGGLES.

Ohio State University.

Middlemen in English Business. Particularly between 1660 and 1760. By RAY BERT WESTERFIELD. Transactions of the Connecticut Academy of Arts and Sciences, Vol. 19. (New Haven, Conn.: Yale University Press. 1915. Pp. 111-445. \$3.40.)

The limitation set by the dates given in the title of this work are, as the author asserts, not very strictly adhered to, but the significant movements of this century are traced in their earlier phases from the medieval days. The purpose is "to present an historical sketch of the origin and development of the middlemen organization that served English business before the Industrial Revolution" (p. 113) in certain leading industries of the kingdom. These industries are the corn and corn products trades, the animal and animal products trades, the mineral trades, and the textile and textile materials trades. Each of these is treated in detail in a separate chapter. Under the term "middlemen" there is included in each industry all who were in any direct way connected with furthering the product from producers to consumers. The description here given of the mechanism of business will reveal how manifold were the agents who had interjected themselves into the distributive process of each industry. Of these four trades, much the larger amount of attention is devoted to the corn and corn products trades and the textile and textile materials trades; and in each of the four that product in the handling of which the middlemen organization reached the highest development is selected for most careful consideration. In order to adequately present the middleman's position and functions the final chapter is devoted to an interpretation of his relation to the transmission of commodities, persons, and intelligence; his relations to and employment of capital and credit; and his situation geographically and socially.

This is a new phase of economic history to receive attention and, along with the few other works treating of cognate subjects, the present volume enables us to gain the long-term view of the services of the middlemen that is so necessary to the correct in-

terpretation of the functions of this class, which is receiving so much attention at the present time. No bias is manifested by the author and historical accuracy is sought throughout. The volume closes with a series of maps for the industries studied, a map of the London markets and a map of the environs of London showing the suburban towns and highways.

Some statements of fact may be challenged. Several assertions regarding the transportation facilities have no basis in fact; *e.g.*, "easier means of communication" (p. 147) after 1718; "By the opening of the eighteenth century a distinct class of public carriers had arisen" (p. 283); "the charges for carriage fell precipitately" (p. 368); the "reduced rates and greater speed" and "the rapidity of transportation" (p. 368). These and similar statements are shown to be erroneous in the reviewer's published study of transportation development. The assertion that "the middleman buys with some distant or future market in view" (p. 349) is disproven by middlemen's activities on the produce exchanges. We are told that "By the economies he [the capitalistic merchant] could effect, he could pay the producer a higher price, charge the consumer a lower, and . . . a smaller amount per unit would be taken as his share of the profit, and therefore he would serve producer and consumer the more" (p. 370). It is such fundamental propositions as this that we would like to see proven, but the author offers no proof.

Of some other things also we must speak. It is very difficult to get a complete view of the textile trades from the description given. While the functions of the draper, the clothier, the factor, etc., are detailed, we are still left *in nubibus*, for the book does not give such an account as would enable one to visualize easily the trade channels and mechanism. For example, there is great difficulty in trying to fathom the offices of the drapers, for it seems as if pages 305, 306, 310, 314, give some inconsistent statements concerning this class. Moreover, the terminology adopted (p. 349, last paragraph) seems not well chosen. To speak of the work of the middleman in holding stocks of goods from the time when they are abundant to the time when they are relatively scarce as his "capitalistic function," and his conveying the surplus of one place to satisfy the lack of other places as his "connective function," appears to be an inapt use of words; for the former is just as much as the latter a connecting of demand and supply, while the latter frequently requires as much capital as the former.

Another doubtful innovation in language is to speak of the English people as having become "one-tenth metropolites" (p. 428) and to say that by 1750 some cities "had actually retrogressed" (p. 428).

The most glaring defects of this work come less from the substance and more from the make-up, for the latter is very faulty in regard to literary composition, annotation, etc. The absence of an index is out of harmony with scientific requirements.

W. T. JACKMAN.

University of Toronto.

NEW BOOKS

D'ACOSTA, U. *Peace problems in economics and finance*. (London: Routledge. 1917. 2s. 6d.)

BACHI, R. *L'Italia economica nel 1916*. (Torino: Società Tipografico-Editrice Nazionale. 1917. Pp. 394.)

The valuable series of yearbooks to which this volume belongs (published as supplements to *La Riforma Sociale*) has already been called to the attention of REVIEW readers. Nowhere else are the year-to-year changes in the economic and social state of Italy so fully and so accurately mirrored. By contrast the official *Annuario Statistico* illustrates the want, which is often critical, of running interpretative comment. Yearbooks generally, when they are the work of many hands, often err through disproportion; the admirable coördination of the parts of the present work is the fruit of single authorship.

Peculiar interest attaches to Professor Bachi's introductory discussion of the newly developing phases of the war and to an early chapter in which annual comparisons for a period of ten years back are given. Outstanding is the phenomenon of the consolidation of war economy: the third year of the unprecedentedly abnormal comes to have a normal appearance of its own. But Professor Bachi is also impressed by the occurrence in a large way of many phenomena usual before a period of depression—the expansion of traffic, the heightening of gains, the launching of new enterprises, the increased investment in stock companies, the broader and more copious foreign trade, the higher rate of interest, and so forth; their appearance is more than coincidental. He notes the striking extent to which, in this war year, the state has come to be the center of activity, the general dominator of activity.

The volume follows the plan of its predecessors by describing in one half of its extent the economic conditions of the country and in the other half the movements and policies of which they are largely the expression. The subjects specifically treated in part I are foreign trade, banking, the financial market, prices, agricultural production, production of manufactures, transportation, labor, stock

corporations, public finance. In part II these reappear, together with such special themes as municipal economic activities, coöperation, insurance. The appended bibliography on economic and social subjects indicates the year's output to be much below that of previous years, both in quality and in quantity. And the entire volume is printed on the grey coarse paper that the war has made so general in Europe.

ROBERT F. FOERSTER.

BIGELOW, F. H. *Historic silver of the colonies and its makers.* (New York: Macmillan. 1917. Pp. 476. \$6.)

BOTSFORD, G. W. and J. B. *A brief history of the world. With especial reference to social and economic conditions.* (New York: Macmillan. 1917. Pp. xv, 518. \$1.50.)

In sharp contrast with old-fashioned "drum and trumpet" histories, it gives little space to military and even to political events, while it describes in detail and with many illustrations the development of civilization.

C. D.

CARPENTER, E. *Towards industrial freedom.* (New York: Scribner. 1917. Pp. 224. \$1.50.)

CHAPIN, F. S. *An historical introduction to social economy.* (New York: Century Co. 1917. Pp. xi, 316. \$2.)

"The author's purpose," as stated in the preface, "is not to write a complete history of social development or a detailed account of the development of industry. The book consists merely of a series of brief essays on the contrasting types of industrial organization which have existed at different historical periods, and an account of the public and private efforts made to relieve the poverty of each period." Five parts cover respectively the Greek and Roman periods, the close of the Middle Ages, the recent Industrial Revolution, and "the transition from remedial to constructive charity and preventive philanthropy."

This sketch of social history, skilfully constructed and written in an agreeable style, will doubtless prove a convenient instrument to the teacher of sociology. To the historical critic it presents one serious defect, not uncommon in books of its kind. The author has not taken sufficient pains to impress on the reader how far the selected types of organization and process which he presents are subjective creations, how vital are the tissues which he has severed in removing from the historical context these specimens for the sociological museum.

C. D.

DALE, H. C., editor. *The Ashley-Smith explorations and the discovery of a central route to the Pacific, 1822-1829. With the original journals.* (Cleveland, O.: Arthur H. Clark Co. 1918. Pp. 321. \$5.00.)

The emphasis and interest of these original narratives is geographic, not economic. Practically the only matters recorded are the character of the country traversed, the dealings with the Indians, the hardships endured. References to the fur trade, which

was the motive for these journeys, are surprisingly few. The editor's introductory chapter and connective passages, however, constitute a summary of the history of fur trading in the Far West from the time of Lewis and Clark to 1830; and also form a brief biography of William H. Ashley and Jedediah S. Smith. The volume performs a valuable service in bringing together for the first time all the documents on which a knowledge of Ashley's and Smith's expeditions is based; one no longer needs to depend on standard secondary authorities, such as Chittenden, and Coman, for acquaintance with this material. Of these documents the hitherto unpublished journals of Harrison G. Rogers, the clerk of Smith's company, make the most interesting reading because of the abundant details. He gives a fine description of the industrial life at the California mission of San Gabriel; also mentions the American ships loading cargoes at San Diego. The investigator's path through this volume is made easy by the footnotes, bibliography, and index.

AMELIA C. FORD.

EDWARDS, G. W. *New York as an eighteenth century municipality, 1731-1776*. Columbia University studies in history, economics, and public law, vol. LXXV, no. 2. (New York: Longmans. 1917. Pp. 205. \$2.)

Minute and detailed study which should lighten the labors of those seeking generalizations in regard to economic conditions during the colonial period. Contains chapters on trade and industry, charities and correction, and finance.

FITZPATRICK, J. C. *George Washington's accounts of expenses while commander-in-chief of the continental army, 1775-1783*. (Boston: Houghton Mifflin. 1917. Pp. vii, 155. \$10.)

HOCKETT, H. G. *Western influences on political parties to 1825*. Ohio State University bulletin, vol. XXII, no. 3. (Columbus, O.: The University. 1917. Pp. 157.)

LUCAS, C. P. *The beginnings of English overseas enterprise. A prelude to the Empire*. (Oxford: Clarendon Press. 1917. Pp. 203.)

MARBURG, T. *League of nations. A chapter in the history of the movement*. (New York: Macmillan. 1917. Pp. 139. 50c.)

MORRIS, C. *Industrial and commercial geography for use in schools*. (Philadelphia: Lippincott. 1917. Pp. 332.)

OBERHOLTZER, E. P. *A history of the United States since the Civil War*. Vol. I, 1865-68. (New York: Macmillan. 1917. Pp. xi, 579. \$3.50.)

OGG, F. A. *National progress 1907-1917*. (New York: Harper. 1917. \$2.)

PETERSON, A. E. *New York as an eighteenth century municipality, prior to 1731*. Columbia University studies in history, economics, and public law, vol. LXXV, no. 1. (New York: Longmans. 1917. Pp. xv, 199. \$2.)

See comment under EDWARDS.

PITMAN, F. W. *The development of the British West Indies, 1700-1763*. (New Haven, Conn.: Yale Univ. Press. 1917. Pp. xiv, 495. \$2.50.)

SCOTT, W. R. *Economic problems of peace after war*. (London: Cambridge Univ. Press. 1917. Pp. 122.)

STEPHENSON, G. M. *Political history of the public lands, from 1840 to 1862, from preëemption to homestead*. (Boston: Badger. 1917. Pp. 296. \$2.50.)

THOMPSON, C. M. *A history of the United States: political, social, industrial*. (Boston: Sanborn. 1917. Pp. xx, 540. \$1.60.)

The word camouflage perversely comes to one's mind in looking over this conscientious book, because a little examination proves it to be essentially a survey of the economic history of the United States, though at first glance it is sufficiently disguised by the title and by the handfuls of well-dried paragraphs here and there mentioning political and military happenings as to appear a political history as well. This new text in a well worked field is a courageous attempt to make one textbook grow where two grew before, so to speak; or to combine within the limits of an easily handled, reasonably priced textbook such an adequate presentation of both economic and political history as to make it valuable equally to college freshmen in economic history courses and to advanced high school students in the conventional American history classes. In spite, however, of the most hospitable intentions toward history proper, the book is in reality devoted to industrial and social developments. It is a readable, admirably organized manual for elementary courses in the economic history of our country, and follows with necessary modifications the general arrangement of *Readings in the Economic History of the United States*, by Professor Bogart and Professor Thompson. This means that one half the entire book is given over to the period between 1789-1865, entitled Industrial and Political Adjustment. The period previous to 1789 and the one since 1865 each occupy about a quarter of the space. The chapters on the westward movement and on the expansion of agriculture since 1880 impress one particularly. The book is rich in illustrations and pedagogical equipment of various kinds.

Though the introduction of an extremely attenuated thread of historical narrative to bind together the sections does not make this text convertible into an American history, it may fulfill one of the author's aims of enabling students of economic history to keep in mind the historical background of these material developments. It does not yet appear that the principle of consolidation can be applied as successfully to intellectual goods as to oil or tobacco. Probably the plan will never have a fairer trial than it has had at the hands of Professor Thompson, as Professor Channing said of the Pilgrims' attempt at the communal system.

AMELIA C. FORD.

Milwaukee-Downer College.

TRIMBLE, W. J. *Introductory manual for the study and reading of agrarian history.* (Fargo, N. D.: College Book Store. 1917. Pp. 47.)

WEYL, W. E. *American world policies.* (New York: Macmillan. 1917. Pp. 307. \$2.25.)

This is an excellent analysis of the economic causes which were so largely responsible for the world war. Writing shortly before the entrance of the United States into the war, the author had the advantage of a neutral position, and could thus give to his work a scientific value, which has been conspicuously absent in many more recent books and articles on international relations. Mr. Weyl looks upon the war as but an incident in a far greater struggle between the conflicting economic interests of the great nations involved. From this struggle it is impossible for any nation to stand aloof, and the traditional American policy of isolation, which was so successfully followed in the early history of the country, is now out of the question.

The development of economic imperialism, backed up by great military establishments, with a continual struggle for foreign markets and spheres of influence, made an ultimate resort to force inevitable. If after the close of the present war the same policies are continued, further wars will inevitably follow. The one solution of the problem lies in the development of a broad economic internationalism, which will put an end to the rivalry of national capitalist groups. Economic imperialism does not in the long run pay even its supposed beneficiaries, for the losses in war more than counterbalance the gains in peace.

G. B. L. ARNER.

WILCOX, M., and RINES, G. E., editors. *Encyclopedia of Latin America.* (New York: Encyclopedia Americana Corporation. 1917. Pp. 887. \$10.)

Brazil commercially considered. (London: The Syren and Shipping, Ltd. 1917. 5s.)

Commercial atlas of America. 1918. (New York: Rand, McNally. 1918. \$20.)

A compilation of the messages and papers of the presidents, prepared under the direction of the joint committee on printing, of the House and Senate, with additions and encyclopedic index by private enterprise. Two volumes. (New York: Bureau of National Literature. 1917. \$4.50 each.)

Judaean addresses, selected. Vol. II, 1900-1917. (New York: Bloch Pub. Co. 1917. Pp. 192. \$1.)

Contains a paper on "The Jews as elements in the population, past and present," by Louis Marshall; and one on "The Jews and economic life," by Samuel Schulman, it being a review of Sombart's *Jews and Capitalism.*

Agriculture, Mining, Forestry, and Fisheries

Allotments and Small Holdings in Oxfordshire: A Survey Made on behalf of the Institute for Research in Agricultural Economics, University of Oxford. By ARTHUR W. ASHBY. (Oxford, England: The Clarendon Press. 1917. Pp. 198.)

This work was written by Mr. Ashby while research assistant in the Institute for Research in Agricultural Economics in the University of Oxford, and its publication was preceded by prolonged, careful personal investigations, as the writer of the present review can testify from personal observations when in 1913 he was accompanied by the author in an inspection of allotments and small holdings in Oxford itself and those parts of Oxfordshire lying near Oxford. Mr. Ashby has also had the advantage of studying in the United States and visiting farms both in our country and Canada, giving him a broad basis of observation for his conclusions.

While all American students of economics know in a general way what allotments are, perhaps many of them would find a definition difficult. Mr. Ashby after quoting several definitions formulates the following definition of allotments when considered from the economic point of view: "The economic meaning of the term as used from 1820 to the present time is a small parcel or plat of land occupied by a working man and constituting a subsidiary source of income in addition to his wages."

Allotments are a part of the general ideal of the Englishman with respect to land, says Mr. Ashby, for it has been felt in the past that in England the landless man engaged in agriculture is an anomaly. The head of each family should have some connection with the land, some "nexus," to use Carlyle's word, other than that of mere wages. This did not mean full ownership, as a rule, but rather possession and use on payment of a rent so moderate that the small parcel of land would supplement wages. The reasons for allotments as a part of English land policy have been various, political and social as well as economic.

Mr. Ashby traces in a general way the history of allotments in England and in a very exhaustive way in Oxfordshire. The history has been a varied one, not altogether a cheerful one, but such as to lead to the conclusion that with all their ups and downs, allotments must remain at least a minor part of any wisely thought out land policy for England and probably somewhat similar arrangements must be included in wise land policies of all modern nations.

Allotments supplement wages; they are most frequent where wages are low and increase in time of depression. Where, as in the north of England, agricultural wages are relatively high, the allotments play a smaller rôle. Nor do allotments form, except rarely, rungs on the agricultural ladder leading to farm tenancy and still more rarely to farm ownership. In short, the man with utopian aspirations and magic formulas will despise them; but the man who keeps his feet on solid earth realizes that they have made many thousands of lives of poor people better and fuller than they would have been otherwise, and have helped to give England her food supply. For the rest of this somewhat complicated but important history the reader must be referred to Mr. Ashby.

Allotments are usually garden plats and in 1887 in England and Wales there were 131,204 allotments under $\frac{1}{8}$ of an acre; the next most numerous class, consisting of allotments between $\frac{1}{8}$ and $\frac{1}{4}$ of an acre, comprised 116,355. Until 1887 an allotment could not exceed two acres in extent, but since that time the limit has been extended to five acres. The legal definition as given in the act of 1887 is as follows: an allotment is "any parcel of land of not more than two acres in extent, held by a tenant under a landlord, and cultivated as a garden or a farm, or partly as a garden and partly as a farm." The tendency is here seen to make an allotment approximately a small farm and the amended law making possible the extension of an allotment to five acres strengthens this tendency. The small holdings, on the other hand, may roughly be described as small farms with an area varying from 1 to 50 acres. It thus seems difficult on the border line to distinguish between allotments and small holdings. But the general idea of the small holding is that it is to yield a livelihood to a family or to help the holder upward on the agricultural ladder to the possession (not usually ownership) of a family farm or even a large farm. The small holdings have played and still play their rôle in English agriculture, but it is a modest one. Again the writer must refer the reader to Mr. Ashby's book for details.

One of the surprising things is the resemblance between the problems of land settlement in England and in a new country like the cut-over lands of northern Wisconsin. We find, for example, in England, as well as northern Wisconsin, the problem of the horse used only a part of the time and "eating his head off." The small man must be afforded some other means of doing his work. One

arrangement that is often successful in both the old and new world is to have a central office as a demonstration farm to furnish needed animal power.

In both England and Wisconsin we find the marketing problem, which the small man with difficulty is able to solve. In short, everywhere we discover the need of leadership and find that successful settlement of the land by new men or along new lines by the ordinary man is dependent upon the brains and capital of those who are far stronger and wiser than the average man. Economic democracy as political democracy is successful in proportion to the excellence of leadership.

RICHARD T. ELY.

University of Wisconsin.

NEW BOOKS

- BOLLINGER, C. *Cotton production in the United States.* (Memphis, Tenn.: The author. 1917. 10c.)
- BULLARD, W. I. *Quest of the long staple cotton.* (Boston: Merchants National Bank. 1917. Pp. 31, map.)
- CROOKES, W. *The wheat problem. Based on remarks made in the presidential address to the British Association at Bristol in 1898.* Revised with answers to various critics. Third edition. (New York: Longmans. 1918. Pp. xvi, 100. \$1.25.)
- KELLOGG, V. L., and TAYLOR, A. E. *The food problem.* (New York: Macmillan. 1917. Pp. xiii, 213. \$1.25.)
- KIRKLAND, J. *Three centuries of prices of wheat, flour, and bread.* (London: National Bakery School. 1917. 3s.)
- McLEISH, J. *The production of iron and steel in Canada during the calendar year, 1916.* (Ottawa: Dept. of Mines, Mines Branch. 1917. Pp. 50.)
- NOURSE, E. G. *Outlines of agricultural economics. A class-book of questions and problems.* (Chicago: Univ. Chicago Press. Pp. 95. 1917. 50c.)

Although intended primarily for use with the author's *Agricultural Economics*, a book of selected readings, Professor Nourse has aimed to make the questions in this companion volume general enough to be useful to teachers and classes using other reading. The questions, of which there are 40 or 50 for each chapter of the larger volume, are clear and so worded as to necessitate definite answers. In a rather unfortunately large proportion "yes" or "no" might be given instead of a reasoned discussion. In addition to these questions, the answers to which can be found, in the great majority of instances in the readings, there are six or eight problems on the general subject of each chapter. Most of these are

in the form of quotations upon which original comment is required. A list of references, in addition to those given in the readings, and a number of special topics for investigation are appended to each chapter.

P. W. BIDWELL.

SAVOY, A. H. *The nakedness of the land. The agricultural problem and its solution.* (Oxford: Blackwell. 1917. Pp. 71. 1s. 6d.)

TROCHERIS, G. *Le crédit foncier et l'agriculture, 1917.* (Paris: Giard & Brière. 1917. 5 fr.)

WIRZ, J. *Die Getreideproduktion und Brotversorgung der Schweiz.* Second, enlarged edition. (Zürich: Art Institut Orell Füssli. 1917. Pp. 162. 6 frs.)

The present war which brought with it a demand for a large measure of national self-sufficiency makes the appearance of this revised edition of a work published by Dr. Wirz fifteen years ago very opportune. Although the book deals in a detailed and rather technical manner with conditions peculiar to Switzerland, it should prove of interest to all those who are concerned with the problems of the profitability of different branches of agriculture as well as with the methods which should be adopted for the purpose of stimulating the home production of breadstuffs.

The author uses the extensive investigations of the Swiss Bureau of Peasantry, to prove his thesis that under favorable conditions of production and with an intensive, rational system of cultivation, cereal growing in Switzerland, even before the outbreak of the war, was at least as profitable as stock raising and dairy husbandry; this applied not only to flat country and to hillsides, but also to mountain valleys and to the Jura districts.

In a brief historical sketch Dr. Wirz traces the transition of Swiss agriculture of the Middle Ages to its modern status in which pastoral activities predominate. The change was stimulated by the government, by private associations, coöperative societies, educational institutions, the periodical press, as well as by high prices for animal products. The writer deplores the encroachment of grasslands upon fields because it led to increased indebtedness, to depopulation and to a loss of the feeling of strength and independence on the part of the peasants.

The second part of the book is devoted to a presentation of measures which, if adopted, would, according to Dr. Wirz, foster the domestic production of grain. These measures range from a proper selection of seeds and a proper application of manuring to purchases by the state at a guaranteed price of all the surpluses which the farmers would have after supplying their own needs. Realizing that Switzerland will always depend for a large part of her breadstuffs upon foreign countries, the author dismisses high protective duties as unsuitable.

The third and last part of the work deals with state monopoly in the grain trade, as it was created by the Federal Council soon

after the beginning of the present war. As the writer states, the Swiss people will have to decide whether this monopoly, introduced as a temporary relief measure, should remain in force after the establishment of peace. Dr. Wirz is apparently in favor of monopoly either directly by the state or by an agency created for this purpose.

SIMON LITMAN.

WOOD, T. B. *The national food supply in peace and war*. (London: Cambridge Univ. Press. 1917.)

Fifth interim report of the Royal Commission on the natural resources, trade, and legislation of certain portions of his majesty's dominions. (London: His Majesty's Stationery Office. 1917. 1s. 3d.)

Final report of the Royal Commission on the natural resources, trade, and legislation of certain portions of his majesty's dominions. (London: His Majesty's Stationery Office. 1917. Pp. 199. 2s. 6d.)

General abstracts showing the acreage under crops and the numbers and descriptions of livestock in each county and province, 1916-17. (Dublin: Department of Agriculture and Technical Instruction for Ireland. 1917. Pp. 29. 2d.)

The mineral industry; its statistics, technology, and trade during 1916. Volume 25, supplementing volumes 1-24. (New York: McGraw-Hill. 1917. Pp. xviii, 939.)

The production of coal and coke in Canada during the calendar year, 1916. (Ottawa: Dept. of Mines, Mines Branch. 1917. Pp. 47.)

Report of the eighth annual meeting held at Ottawa January 16-17, 1917. (Ottawa: Commission of Conservation. 1917. Pp. x, 344.)

The Wyoming oils; a brief review of the oil situation in America. (New York: Winkelman. 1917.)

Yearbook of the Bureau of Mines, 1916. (Washington: Bureau of Mines. 1917. Pp. 174.)

Manufacturing Industries

NEW BOOKS

BACKERT, A. O. *The A B C of iron and steel, with a directory of the iron and steel works and their products of the United States and Canada*. Second edition. (Cleveland, O.: Penton Pub. Co. 1917. Pp. 344.)

Davison's knit goods trade, the standard. Twenty-seventh annual edition, August, 1917, to August, 1918. (New York: Davison Pub. Co. 1917. Pp. 780.)

ONTHANK, A. H. *The tanning industry*. (Boston: National Shawmut Bank. 1917. Pp. 65.)

Contains chapters on Raw Materials, showing the organization of both domestic and foreign markets; on Tanning, with sections

showing geographical distribution of tables and by-products and financing; and on The Leather Market. Material is presented in concise form. There are several charts and diagrams.

Abstract of the manufactures, 1914. (Washington: Dept. Commerce, Bureau of the Census. 1917. Pp. 722. 65c.)

Contains in condensed form all of the essential statistics collected at the census of 1914. More detailed data can be found in the separate state and industry bulletins. This volume includes chapters on statistics of cities, character of ownership, establishments classified according to size, prevailing hours of labor, power, and consumption of fuel.

The candy making industry in Philadelphia. (Philadelphia: Phila. Chamber of Commerce. 1917. Pp. 15.)

The glass industry. Report on the cost of production of glass in the United States. Miscellaneous series, no. 60. (Washington: Dept. Commerce, Bureau of Foreign & Domestic Commerce. 1917. Pp. 430. 35c.)

Report of the production of creameries and cheese factories, 1915 and 1916. (Ottawa: Dept. Trade & Commerce, Census Statistics Office. 1917. Pp. 24.)

Transportation and Communication

History of Transportation in the United States before 1860. By CAROLINE E. MACGILL and a staff of collaborators. Prepared under the direction of BALTHASAR HENRY MEYER. (Washington: Published by the Carnegie Institution of Washington. 1917. Pp. xi, 678. \$6.)

This is the third contribution of the Department of Economics and Sociology of the Carnegie Institution of Washington to American economic history. The work is based principally on a number of independent studies already in book form and on unpublished manuscripts in the hands of the Carnegie Institution.

About half the book (pp. 306-608) is devoted to the study of railway development in the United States. In the first portion of the volume the principal topics are: Early trails, roads, and natural waterways; Tolls and transportation costs on early roads and canals; Traffic by rivers, trails and roads in the trans-Appalachian region; Early land routes in Ohio. There are also chapters on the history of waterways in the various sections. The railway development is discussed by regions. The New England section is treated first, followed by New York, the Middle Atlantic States, the South, and the West.

Undoubtedly the task of the editor of collaborated material is difficult if the aim is to put the whole history into a continuous, well rounded account which shows the economic background and the evolution. Indeed, Dr. Meyer informs us in his preface that "This volume must be viewed as a contribution rather than as a completed study. It seemed much better to utilize as far as possible all of the material which the various collaborators had brought together than to restrict the volume to only such material as would be required in producing a thoroughly systematic, unified, and closely knit book." Because of this method, a number of chapters appear to be summaries of books already in existence. This is notably the case with chapters 3, 4, 7, 8, 9, and 15 among others. Another result of this method is that the treatment is frequently from a local or regional point of view. As a rule, the reader does not obtain the broad, national aspect of the transportation history, including national issues in their relation to this question, the views of the statesmen, and the effect of the policy of the general government on the growth of the transportation system of the country. The section of this volume which nearest approaches a broad treatment is in chapter 5 where the internal improvement question is brought into relation to national issues, and the national importance of such work is emphasized.

The task of Miss MacGill was to select, emphasize, and rewrite. Presumably it was necessary to collect material to fill the gaps not covered by the collaborators. Miss MacGill has successfully performed her part of the work. The style is pleasing. Prominent features are selected for presentation; among these are topographical conditions, competition among various modes of transportation, rivalries of cities, methods of financing, and the development of the leading transportation enterprises.

But there are a number of shortcomings in the volume. While the causes involved in the inauguration of the various transportation systems are fully discussed, the results are not appreciated. Thus, the influence on the industrial development of the country of such epoch-making events as the opening of the Erie canal and the introduction of steam navigation on the Great Lakes and on the rivers of the Mississippi Valley are not adequately expounded. The documentation of the volume is irregular—scanty in some places, full in others.¹ This gives the impression that

¹ Cf., for example, pp. 249-279; 405-413; 414-455; 487 ff.

the wealth of government material, both state and national, in the form of reports, memorials, laws, and discussions in Congress and the state legislatures, has not been extensively used. Indeed, one frequently obtains the idea from the footnotes that the chief sources of information have been Niles' *Register* and Hunt's *Merchant's Magazine*.² In this connection, the list of government documents given on pages 634 and 635 of the bibliography omits many reports and memorials to Congress from 1820 to 1860 which throw light on the internal improvement controversy. Scant attention is given to the relation between state debts and the development of transportation; lake and river traffic receive only summary treatment;³ very little is said of the improvement of rivers and harbors, although this was for years a burning issue and is related to the transportation question; the relation of internal improvements to the land policy of the government is passed over in a sentence.⁴

Finally, the development of transportation in the country beyond the Mississippi is inadequately treated. Though the railway mileage of this section in 1860 was small, the country was fully awake to the need of railways connecting with the Pacific. For some years the question had been fully discussed in the journals of the day and in public documents, and numerous surveys had been made. Long before 1860, government engineers had prospected various routes to the Pacific and the preparatory work for railroad building had been done. And even before this accomplishment, wagon roads had been built to facilitate the movement of troops, emigrants, and freight, and the carrying of the mails, and a considerable amount of traffic had developed across the plains. For some years before 1860, Chicago, St. Louis, and New Orleans had begun to look to the Far West as a source of trade in a manner which suggests the interest formerly displayed by the eastern cities in the trans-Allegheny country. In all this enterprise there is abundant material for a chapter on transportation history before 1860, nor is the account complete without it.

ISAAC LIPPINCOTT.

Washington University.

² Cf., for example, chs. XII, XIII, XV.

³ Lake transportation before 1850 is discussed on pages 295-298. Apparently the development from 1850 to 1860 is not discussed.

⁴ Cf. p. 585. The statement on this page conveys the impression that land grants were made only to railroads.

NEW BOOKS

- BIGGAR, E. B. *The Canadian railway problem*. (New York: Macmillan. 1917. Pp. 258. \$1.50.)
- BRADLEY, F. B. C. *The Eastern Railroad: an historical account of early railroading in Eastern New England*. (Salem, Mass.: Essex Institute. 1917. Pp. 107.)
- ELLIOTT, H. *Matter of increased freight rates. Ex parte no. 57. Statement before the Interstate Commerce Commission*. (New Haven: N. Y. N. H. & H. R. R. 1917. Pp. 18.)
- HUNGERFORD, E. *The railroad problem*. (Chicago: McClurg. 1917. Pp. 265. \$1.50.)

Mr. Hungerford will be remembered by students of railway literature as the author of that highly interesting though somewhat inaccurate volume, *The Modern Railroad*, descriptive of modern railway practice. In the present volume he attacks some of the problems of American railway administration, clothing his discussion with a picturesqueness of style that makes it very pleasant reading. The book is divided into thirteen chapters, five of them dealing with labor matters. Other sections touch upon the competition of the motor car and motor truck, railway electrification, the railroad and national defense. The volume opens with a sketch of the financial "plight" of the railways and closes with some scattering remarks on regulation. The book is evidently intended to be a popular rather than a scientific presentation; and the interest of readers will be stimulated by the excellent photographs included.

In general, Mr. Hungerford finds himself in close sympathy with the point of view of the railway managements. He advocates the abandonment of the double basis of payment to trainmen, the adoption of a bonus system, and the official recognition of unorganized labor (apparently as more or less of a set-off against the influence of the great brotherhoods and orders). Banker control is not necessarily bad for American railways. Federal incorporation should be adopted. The Interstate Commerce Commission should be enlarged and strengthened.

E. R. DEWSNUP.

- MACGIBBON, D. A. *Railway rates and the Canadian railway commission*. Hart Schaffner and Marx prize essays, XXIV. (Boston: Houghton Mifflin. 1917. Pp. 257. \$1.75.)

To be reviewed.

- ROUQUETTE, L. *L'organisation de notre marine marchande*. (Paris: Chapelot. 1917. 2.50 fr.)

- WALKER, G. M. *Railroad rates and rebates*. (Cleveland, O.: Arthur H. Clark Co. 1917. Pp. 95. \$1.50.)

Mr. Walker's association with numerous railway reorganization schemes has apparently reduced him to utter pessimism so far as government regulation is concerned. He would have repealed all

uneconomic restrictive statutes; the Hepburn act is a particularly vicious piece of regulation. Rebating should be encouraged and systematized, a Rebate Court being established to grant rebates to those that deserve them. The book is a reprint of a lecture delivered before certain college assemblies in 1914.

E. R. D.

McGraw electric railway list. (New York: McGraw-Hill. 1917. Pp. 273.)

The shipper's economist; a dictionary of parcel post and express information. (Chicago: Meehan Traffic Service. 1917. Pp. 791.)

The traffic library. Interstate commerce law. Parts 2-3. Act to regulate commerce, administrative interpretation. (Chicago: Am. Commerce Assoc. 1917. Pp. xiv, 462.)

Trade, Commerce, and Commercial Crises

The Wool Industry. Commercial Problems of the American Woolen and Worsted Manufacture. By PAUL T. CHERINGTON. (Chicago: A. W. Shaw Company. 1916. Pp. xvi, 261. \$2.50.)

Marketing methods and the various problems connected therewith present a field of industrial activity which the economist in the past has very largely ignored. It is only in very recent years that attention has begun to be directed toward these more essentially commercial lines of economic activity, and the initiative in this seems to have come from the effort to introduce more scientific methods into business. That this field of study promises to be a fruitful one for both the economist and the man of business is amply demonstrated by the present volume, the first in a new series devoted to this field and entitled *American Industries and their Commercial Problems*.

The purpose of this volume, therefore, "is to present the results of an examination of the industries producing woolen and worsted fabrics approached from the side of their buying and selling problems," and it is written in the belief that the characteristics of these industries "are determined, not so much by problems of raw material supply, or of cloth-production, as by the problems involved in marketing the finished fabrics."

The first five chapters, furnishing a general background, describe the main features of the wool, worsted and woolen industries, the domestic and foreign sources of the raw wool supply and the work of the raw wool merchant. The remaining eleven chapters deal chiefly with a description of the methods used in market-

ing fabrics, a discussion of the problems arising therein and their reaction upon mill organization. The topics covered include the interaction between mill organization and selling problems, the selling of domestic and foreign goods, the jobbing trade, style-making and its influence upon marketing and mill problems, and the effects of the growth of the ready-to-wear clothing industry and the department store.

The volume is full of suggestions and conclusions only a few of which can be mentioned or commented upon. The growth of the output of worsteds as compared with woolens is due, it is said, to the change in the demand for fabrics, and the increased supply of the wool suited for worsteds is, therefore, the result rather than the cause of this development. The reviewer would question whether the problem is quite so simple. Is not a more searching analysis of the causes determining demand necessary? Surely the effective demand for most commodities is in a measure influenced by the conditions affecting their cost. Might it not be found that the wool suited for worsteds, since it is more generally grown on sheep better fitted for lamb and mutton, could be obtained more cheaply than the wool best suited for woolens, that being obtained from sheep less desirable as meat so that a relatively larger portion of the cost of raising the sheep has to be borne by the fleece? Is it not likely, then, that the producers who suggest the styles and the consumers who fix them have taken this fact into consideration, so that in the last analysis the greater supply of worsted wools following the increased emphasis upon mutton sheep may have been a factor in the increased popularity of worsteds? The question is not easy to answer for the problem is an intricate one, but the psychology of style involves important issues, not only for the business man, but for social welfare.

The author's query as to whether the sheep industry may be revived in the United States under more intensive agriculture seems likely to be answered in the negative, unless the artificial stimulus of the tariff is used. The products of the sheep have less need of being near the market than many other agricultural products competing for the land; and, so long as an increased supply of wool can be obtained from less developed countries, nearer land, where suitable, will be used for other purposes. Certainly this is indicated by the steady decline in sheep typical of most European nations.

The various attempts to eliminate the wool merchant are in-

terestingly described, and the conclusion that at present, even with better methods of packing and sorting wool by the growers, his place is secure seems well fortified.

In the case of fabrics it is pointed out that the big problem of the mill engaged in the manufacture of staple products is to reduce mill costs, chiefly through large-scale production, hence the bigger mills and greater integration in such lines of manufacturing; while in the case of novelties speed in selling to reduce the risk costs is the big problem. Also, it is stated that the relatively greater amount of mill costs in the case of staples makes competition with imported goods more difficult in this class of goods, since it is the mill costs that are commonly lower abroad; and the author's point that tariff duties should take such variations in the marketing conditions of different classes of goods into account deserves great emphasis.

Among the most illuminating chapters of the book are those describing style-making and the effects of the growth of the ready-to-wear clothing industry and big retailers, especially department stores, on the problems of mill production and marketing. These developments have led to a wider and more rapid spread of style influences and have involved important changes in selling methods because of: (1) the concentration of sales and increased contract business; (2) the exaggeration of the style hazard and loss of the dumping market in remoter districts formerly available for the sale of out-of-style goods; and (3) a decreased interval between order and delivery, intensifying the peak-of-the-load in mill output and increasing the repudiation of orders.

CHESTER W. WRIGHT.

The University of Chicago.

NEW BOOKS

BENN, J. P. *The trade of tomorrow.* (London: Jarrold. 1917. Pp. 232. 2s. 6d.)

CRAMMOND, E. *The British shipping industry.* (London: Constable; New York: Dutton. 1917. Pp. 67.)

Chapter headings relate to British shipping before the war, during the war, and its future. The writer lays stress on the modifications of pre-war relations of the state with the shipping industry. He believes that it will be necessary for the state to continue and possibly to carry further its present control of British imports and exports, which will involve a continued participation in the direction of shipping.

CUMBERLAND, W. W. *Coöperative marketing; its advantages as exemplified in the California Fruit Growers Exchange*. (Princeton: Princeton Univ. Press. 1917. Pp. viii, 226. \$1.50.)

Less than ten years ago when the writer of this review announced a course of lectures on agricultural coöperation, the first formal course on agricultural coöperation offered in an American college, he had some misgivings concerning the adequacy of the supply of material on the subject. Fay's *Coöperation at Home and Abroad* was practically the only text in English at all suitable for class-room use. Now students of coöperation are actually embarrassed by the wealth of literature, both general and specific, fundamental and superficial, with which they are confronted. It has become a matter of threshing much straw for a few kernels of grain. Of the general discussions only one American book, Powell's *Coöperation in Agriculture*, has much merit. Several bulletins by the United States Department of Agriculture and various state experiment stations deal with specific phases. Many of these are valuable. But a fundamental, scholarly treatment of agricultural coöperation by an American author has yet to be written.

In this volume the author has made a commendable attempt to study intensively one coöperative organization. Not so much can be said for the publishers who have labelled the book "Coöperative Marketing." Since 90 per cent of the book, including everything of value, is devoted to citrus fruits, the California Fruit Growers Exchange, and the Citrus Protective League, the cover title is misleading. A much more truthful and significant title would be "The California Fruit Growers Exchange."

The author describes the citrus fruit industry in California, including the technique of cultivation, fertilization and harvesting; proceeds with the history of coöperative citrus fruit marketing; and then devotes 100 pages to a description of the detailed organization and management of the local packing houses, the district selling agencies and the central exchange. He concludes with a summary of coöperative benefits to producers, and attempts to indicate very briefly the relation of the fruit growers' exchange system to general marketing.

The manuscript of the monograph was criticized by Mr. G. Harold Powell, general manager of the exchange, and by others familiar with the citrus industry. Hence the details are accurate and complete. The analysis of the functions of the central exchange is particularly good and the account of the fruit growers' selling organization is interesting and instructive. The author emphasizes again and again the fact that the central exchange is not a selling agency, having nothing whatever to sell, but simply an organization which provides the selling mechanism. He stresses the fact that competition between exchange members is not stifled by coöperation; on the contrary, organization stimulates wholesome rivalry between growers and among managers. Superior quality of product and exceptional marketing ability are recognized and rewarded.

ALEXANDER E. CANCE.

GOURVITCH, P. P. *How Germany does business. Chapters on export and finance methods.* (New York: Huebsch. 1917. Pp. 142. \$1.)

A brief, clear, and suggestive series of chapters showing how Germany both by governmental and voluntary trade organization has fostered its commercial undertakings in foreign countries. She has achieved her great success in this field by the encouragement of individual initiative of export houses rather than by widesweeping national regulation. The author draws most of his illustrations from the activities of German agents in Russia. The preface, written by Dr. B. E. Shatsky of Petrograd, notes that the economic situation in Russia closely resembles that of the United States at the end of the Civil War.

JESNESS, O. B., and KERR, W. H. *Coöperative purchasing and marketing organizations among farmers in the United States.* United States Department of Agriculture bulletin no. 547. (Washington: Supt. Docs. 1917. Pp. 82.)

JOHNSON, E. R., and HUEBNER, G. G. *Principles of ocean transportation.* (New York: Appleton. \$2.50.)

To be reviewed.

O'REILLY, G. A. *The influence of the war on trade, domestic and foreign.* (New York: Irving National Bank. 1917. Pp. 23.)

ZIMMERMAN, E. W. *Foreign trade and shipping.* (New York: Alexander Hamilton Inst. 1917. Pp. xviii, 356.)

The two main divisions of the book are of approximately equal length. In the first part, upon Foreign Trade, two chapters are devoted to the elements of foreign trade, another to sources of trade information, and a fourth to agencies for the promotion of foreign trade. The chapter upon methods of exporting disposes of marketing policies, structure and functioning of branch and commission houses both in the import and export trade, takes up the employment of agents as well as the policy of direct exportation—all in the short space of 25 pages. Coöperation and the technique of the export trade occupy the concluding chapters. The second part, upon Shipping, is more satisfactory than the first as regards adequacy of treatment. It includes a general discussion of ocean transportation, chapters upon freight service and rates, agreements, ports and terminals, and the American merchant marine.

The book is logically planned and well written. Criticism must be directed mainly against its superficiality. Though the discussion of credits and exchanges and finance is reserved for other volumes of the series, the number and importance of the remaining topics is so large that inadequate treatment is to be expected. To the reviewer it seems also that for a practical text upon foreign trade, a disproportionately small amount of space is assigned to marketing methods for American exporters and manufacturers.

H. R. TOSDAL.

Brazil, commercially considered. (London: Syren & Shipping, Ltd. 1917. 5s.)

British and Canadian food regulation. Statutes and orders in council relative to food regulation in Great Britain, Canada, and Newfoundland. Senate document no. 47, 65 Cong., 1 Sess. (Washington: Supt. Docs. 1917. Pp. 35.)

Department stores of Philadelphia. (Philadelphia: Chamber of Commerce. 1917. Pp. 11.)

Accounting, Business Methods, Investments, and the Exchanges

Business Finance. A Practical Study of Financial Management in Private Business Concerns. By WILLIAM H. LOUGH. (New York: The Ronald Press Company. 1917. Pp. xiv, 631. \$3.00.)

The book represents an important study of modern financial practice, especially with reference to medium sized industrial corporations. More than the majority of books on corporation finance heretofore published, it seeks to discover what might be called a financial "ought," which differentiates between good and bad financial policies. This is a distinct advance over the point of view which merely describes, with more or less appropriate illustrations, conditions of the past. Every one knows the fundamental difficulty which brought about the receiverships of the Atchison or the Westinghouse companies. These are stock illustrations. But Lough's insistence that the private corporation should prepare a budget is, in the reviewer's opinion, a new and important contribution.

The book is divided into five parts. The first covers general and well known characteristics of corporations in contradistinction to other forms of enterprise; the second describes the media through which the corporation may secure capital; and the third the practical problems of securing it. Of these three parts the concluding chapter of the second (ch. 8) entitled Basis of Capitalization is the most constructive and worth while. Especially important in the haze of present-day attempts to establish a sound basis for public regulation of corporate income is Lough's insistence that earning power, not original investment, is the most rational basis of capitalization. In accordance with this theory one would wish that he had devoted more than a paragraph to the important recent changes in New York and other state laws permitting the issue of stock without par value.

The fourth section entitled *Internal Financial Management* is the most illuminating in the book. While by no means all accountants would agree with those paragraphs expounding one or another of the various moot problems, still the discussions are all thoroughly sound, albeit savoring more of business expediency than the strict logic of accountancy. The two closing chapters, entitled *Budgets and Financial Standards*, are particularly suggestive. The subjects treated in the latter have wide economic significance, but the generalizations are somewhat superficial and backed by insufficient empirical evidence. The fifth part, entitled *Financial Abuses and Involvements*, is distinctly patchwork. It shows the marks of hasty preparation and is the least satisfactory section in the book.

Numerous inaccuracies annoy the careful reader. For illustration, Lough speaks of the "reorganization of the Erie Railroad in 1895" (p. 142) and one is surprised to hear that there was issued at the time "Erie Railroad first consolidated mortgage 7's 1920." The proof reading was not always careful; for illustration, 1889 should read 1899 (p. 171). These are small matters, but scientific accuracy of detail is very important in financial writings of lasting value. As a whole, the book shows a wide familiarity with current financial discussion and, above all, great sanity and good judgment. Teachers of corporation finance will find in it a very satisfactory text. From the pedagogical point of view it strikes the happy medium between unjustified generalities and a hopeless maze of detail.

ARTHUR S. DEWING.

The Exchanges and Speculation. By ALBERT W. ATWOOD. *Modern Business*, Vol. 20. (New York: Alexander Hamilton Institute. 1917. Pp. vi, 334.)

Investment. By EDWARD D. JONES. *Ibid.*, Vol. 23. (Pp. xvi, 352.)

Corporation Finance. By WILLIAM H. WALKER with the collaboration of FRED W. FIELD. *Ibid.*, Vol. 11. (Pp. xv, 346.)

These little handbooks are parts of a series of explanatory texts, prepared for busy business men who want to enlarge their outlook on the problems of our modern industrial world. That they may meet the ends in view each book should cover its topic broadly and simply; although completeness could not be attained, nevertheless the authors should show their familiarity with the

subject-matter quite as much by what is "cut out" as what is included. Under no circumstances should the text be padded by long illustrations and digressions neither pertinent to the subject nor of wide significance. The generalization should be clear cut, without being narrowly superficial. The illustrations should be accurate, and so far as possible "types." Like all series of books prepared under what might be called the contract system, these books meet the conditions with different degrees of merit. Of the three under review the one on *Exchanges and Speculation* is far and away the best, while the one on *Corporation Finance* has little to recommend it from among the books already written on the subject.

The text of *Exchanges and Speculation* gives a brief and accurate account of the operation of the stock and produce exchanges, and of speculation in general and under particular conditions. The definitions and descriptions are brief and clear, yet accurate. The author has evidently thought much about his subject and shows a long and wide familiarity with Wall Street. In his chapters on Manipulation, Corners, and The Benefits and Evils of Speculation he shows an admirable poise—neither an uncritical apologist of Wall Street practices nor a destructive and narrow critic. There are, of course, elaborate treatises on the subject, and comprehensive studies like that of Pratt, but this little book certainly fills a unique place for teachers of economics who are looking for a short, unbiassed, and thoroughly reliable account of speculation and organized markets.

The text on *Investments* is not particularly fortunate. The subject is undoubtedly a difficult one. It occupies a kind of twilight zone between a science of finance and that indescribable "art" of the shrewd business man, sometimes called "horse sense." A work on investment ought to summarize and, so far as possible, organize and rationalize the intuitive judgments of shrewd investors. Parts of the book attempt to do this—as sections in the chapter on municipal bonds. Other parts are mere descriptive paragraphs with a few general "don'ts" too abstractly stated to be of value. The book shows much padding. The chapter on railroad securities gives a half page of traffic statistical names without a single word as to how to apply them to investment problems. No attempt is made to separate and give tests of investment value of underlying and junior liens. Inordinate space is given to a lot of irrelevant matter covering real estate; nothing

is said regarding water and telephone company securities. The book shows clear evidence of haste and lack of perspective; the author has "read up" his subject almost hurriedly, but the reader is in doubt whether or not he has either a wide familiarity or mastery of it. One is surprised that "The first convertible bond was issued by the Erie Railroad in 1843" (p. 136). There are some inexcusable blunders—as 3.07 per cent net yield for the American Gas & Electric preferred stock (p. 209). Such statements as "From the investor's point of view it may be said that short term notes are seldom issued except by railroad corporations of excellent standing" (p. 140) are glaringly superficial.

The text of *Corporation Finance* adds one more to the already large number of texts and handbooks on the subject. It deals especially with the finance of small corporations and in that sense serves a very useful purpose. It shows clear signs of hasty preparation, and many of the chapters are not of much permanent value or even enlightening to the general reader; especially is this true of chapter 19 on Reorganization.

ARTHUR S. DEWING.

How to Find Factory Costs. By C. BERTRAND THOMPSON. (Chicago: A. W. Shaw Company. 1917. Pp. 191. \$3.00.)

Factory Accounting. By FRANK E. WEBNER. (Chicago: La-Salle Extension University. 1917. Pp. xii, 345. \$3.30.)

Cost Finding. By DEXTER S. KIMBALL. Modern Business, Vol. 10. (New York: Alexander Hamilton Institute. 1917. Pp. xvi, 338.)

How to Find Factory Costs, the publishers announce, is a development of a variety of material published as separate articles in their well known monthlies, *System* and *Factory*. "These articles," the preface continues, "have usually shown applications to special lines of business, and, on account of this fact, and the limitations of space, they have not individually been able to handle the subject in comprehensive detail. The services of a competent expert have therefore been enlisted to outline briefly and clearly the elements of a good cost system in such a way that it can be understood and applied by the average manager and the average accountant of the average small plant . . ."

The style of exposition and the typographical arrangement are both calculated to make the book easy reading even to a novice in such matters, and the material presented in the 120-odd pages

of reading matter, which is accompanied by 60 pages of shop photographs, diagrams and charges, is readily understandable for one who is reasonably familiar with the subject-matter, but it is too much to expect of this volume (or any other) that it will supply directions from which an average manager or shop accountant can devise and install a cost system.

The volume properly emphasizes the importance of controlling material and material costs by systematic storage and suitable records and accounting. It is a disappointment, however, not to find any mention of material overhead or burden (apart from other overheads or burdens) which has come to be a well recognized feature of modern cost accounting.

In the discussion of direct costs mention is made of the three characteristic methods of recording labor charges; but on this topic, as on material, if the attempt is made to present such details of practice, there is need for going still further and showing just how the cards will be handled in the cost department, and proved with the totals in an adequate way. A considerable section of the book is devoted to the general subject of manufacturing overhead or burden, and here the exposition falters over technical details, such as goodwill, which is no part of manufacturing cost, and handling rent paid to a landlord or reckoned as an equivalent on property owned. The discussion of the pros and cons of interest on investment as a charge to cost does not do justice to either side of the argument. The conclusion that "the preponderance of logic is in favor of excluding interest from the cost of production" is contrary to the practical sense of the manufacturers who have given any adequate attention to costs, and at variance with the opinion of most professional cost accountants. There is a concise discussion of the theory of depreciation but no practical directions how to get depreciation into costs.

The volume abounds in sensible suggestions that almost any manufacturer may note to his advantage; for example, the emphasis on a regular and systematic charge of depreciation irrespective of profits, the practical importance of checking waste of labor and material, and knowing costs accurately.

To some readers the frequent "popular" headings will be objectionable, since they interfere with connected reading. It is also an annoyance not to find a form by the number to which reference is made. If page references are useful (as they undoubtedly are) they should be given uniformly.

Three of the concluding chapters are by other authors, and, though all are well written, two of them are not closely knit in to the plan of the work.

Factory Accounting is one of the texts for the instruction in higher accountancy given by LaSalle Extension University. It aims to cover more ground under this title than did the author's previous bulky volume on *Factory Costs*, although comprehending cost accounting. In the preface the author says, "Its principal claim for a place among the many splendid texts already published is its presentation of working methods and efficient technique." In accordance with this plan there are 84 illustrations, many of them being folded inserts carefully drawn and well printed.

In contrast to the volume edited by Mr. Thompson, reviewed above, Mr. Webner's book is clearly marked as the work of one author. It shows sustained effort in composition, and will seem to many too full of elaboration and detail. The numerous charts and forms tend to fix attention on ways to perform details rather than on principles, or the structure of a cost accounting plan.

The book is not in any sense easy reading, and it seems to the reviewer likely to be useful only in connection with seasoned and competent teaching, or to one who has time and inclination for the most painstaking reading and study. Since the author is well known as a professional cost accountant the volume deserves consideration and a place in any comprehensive accounting library, but it is much to be regretted that the style and arrangement of the work does not make the essentials and significance of good cost accounting stand out more clearly to the average reader.

Cost Finding, which is one of the Modern Business series of the Alexander Hamilton Institute, is frankly an elementary manual, reminds the reader of a textbook on economics arranged for high school students. The chapters are brief and each one is followed by "review" questions—the familiar device to guide the beginner's untrained thoughts. Every second or third paragraph has a topical heading useful for ready reference and very suitable and helpful in a work of this character.

It is a disappointment, however, to find the volume entitled "Cost Finding" especially when the author explicitly states (p. 10) that "Cost finding is that part of general accounting which deals with the finding of detail costs which make up the general or sum-

marized costs." It is true that "Cost finding *can* be carried on with little reference to the general accounts," but it is a shame to mislead readers with the statement that "cost accounts are *usually* conducted as an independent investigation, the cost summaries not necessarily being merged into the general accounts."

To the contrary, the gospel needs everywhere to be preached that cost records which are not solidly "tied in" with the general accounts are dangerous, and likely to prove most unsatisfactory and misleading to the manufacturer who places his trust in them.

Aside from this defect in a statement of general principle in the introductory chapters, the text deserves warm commendation as a beginner's book on costs and related subjects. It is well arranged, well printed, and it accomplishes the object stated in the preface of "discussing fundamental principles in a direct and simple manner." It can be safely recommended to any one who wants to get an introduction to the principles and accepted shop and factory practice on such matters as purchasing, receiving, storing, and issuing material; labor costs and various wage systems; and the analysis determination and distribution of expense or burden. On all these points it presents conventional material in an orderly and helpful way.

CLINTON H. SCOVELL.

NEW BOOKS

BARTHOLOMEW, J. R. *The Equitable Trust Company of New York rapid bond tables; for bonds bearing interest at the rate 3%, 3½%, 4%, 4½%, 5%, 6%, and 7%, and maturing in from 6 months to 50 years, in half yearly periods, with basis prices ranging from 3% to 6% in advances of 5/100 of 1% with ¼, ⅜, ½, and ⅞ differences.* (New York: The author, 120 Broadway. 1917. Pp. 403. \$15.)

BAYS, A. W. *The law of bankruptcy, and debtor and creditor, containing the text of the federal bankruptcy law. With questions, problems, and forms.* Second edition. (Chicago: Callaghan. 1917. Pp. 326.)

BOLTON, R. P. *A municipal experiment; or, the Hall of Records power plant.* (New York: Bureau of Public Service Economics. 1917. Pp. 236. \$1.25.)

COLLIER, W. M. *The bankruptcy act of 1898, approved July 1, 1898; amendments approved Feb. 5, 1903, June 15, 1906, June 25, 1910, and March 2, 1917. Indexed, together with general orders in bankruptcy and official forms in bankruptcy.* Reprint from *Collier on Bankruptcy*, eleventh edition. (Albany, N. Y.: Bender. 1917. Pp. 1189-1516. \$1.)

CUTTING, H. C. *Financial independence and how to attain it.* (New York: Financial Liberty League. 1917.)

DENHAM, R. S. *Manual of cost engineering and estimating for paper box manufacturers.* (Cleveland, O.: R. S. Denham. 1917. Pp. 316.)

DWORAK, E. A. *The Corey & McKenzie complete accounting system and record for national farm loan associations, containing complete records for organization, directors' meetings and by-laws.* Compiled under the direction of the federal land bank of Omaha. (Omaha, Nebr.: Corey & McKenzie Prtg. Co. 1917. Pp. 49.)

EATON, A. H. *The Eaton and Burnett revised and improved book-keeping, corporation, voucher and cost accounting, embracing all modern and scientific methods used in business.* (Baltimore, Md.: Eaton & Burnett Business College. 1917. Pp. 261.)

ELDRIDGE, H. F. *Making advertising pay: a compilation of methods and experience records drawn from many sources.* (Columbia, S. C.: State Co. 1917. Pp. 231.)

EMERSON, H. *Low cost and high profits versus high cost and low profits.* (New York: Emerson. 1917. Pp. 16.)

FIELD, C. C. *Retail buying; modern principles and practice.* (New York: Harper. 1917. Pp. 219. \$1.25.)

FITCH, J. K. *The Fitch bond book, describing all important corporation and railroad bond issues of the United States and Canada.* 1917 edition. (New York: Fitch Pub. Co. 1917. Pp. 1110. \$15.)

GIBBS, E. D., editor. *Selling points of hundred-pointers; a collection of practical talks and arguments dealing with the education of salesmen and the sale of merchandise.* (New York: E. D. Gibbs Co., 461 Eighth Ave. 1917. Pp. 96. \$2.)

GILBRETH, F. B. and L. M. *Applied motion study; a collection of papers on the efficient method to industrial preparedness.* (New York: Sturgis & Walton. 1917. Pp. 220. \$1.50.)

GREENDLINGER, L. *Financial and business statements.* Modern business, vol. 22. (New York: Alexander Hamilton Inst. 1917. Pp. xxi, 329.)

The interpretative possibilities of the science of accounts are illustrated in this book. It is written from the point of view of the executive, and the author's purpose is to enable the executive, through a better understanding of financial statements, to obtain from them information essential to the formation and execution of business policies.

The first chapter is of an introductory character, laying emphasis upon the qualifications of the executive and setting forth the character of the information essential to his work. The two succeeding chapters treat of the various kinds of statistical information of importance, but which is of an auxiliary character viewed from the ac-

countant's standpoint. Three chapters are then given to a discussion of the analysis and construction of income statements, after which, in much detail, the subject of the valuation of the various balance sheet accounts is extended through five chapters. Beginning with chapter 12, less directly related but more specialized topics are treated: treasury stock, interpretation of liabilities, surplus, reserves and dividends, sinking and other funds, the relation of working capital and income assets, consolidated balance sheets, private and municipal budgets, and the interpretation of professional reports. The chapters on consolidated balance sheets are especially valuable, and although the treatment of budgets is cursory it is suggestive and carefully done.

The book deals almost entirely with "statements"; yet one looks in vain for actual forms of statements to illustrate the text except in the latter part of the volume. Possibly they are not needed, although this depends upon the class of readers for whom the book is intended. Then, too, the introduction of many forms gives the appearance of a compendium of non-assimilated matter rather than of a well balanced treatise.

The reviewer thinks the following details worthy of notice. On page 128 the author says, "In a few instances this account [goodwill] represents an exaggerated forecast of the savings and economies anticipated through the consolidation of competing concerns," etc. Might not the word "many" be substituted for "few"? On page 181 the author advocates treating unissued mortgage bonds as an asset because of the property pledge back of them. On page 208, he mentions two common methods of establishing secret reserves: (1) excessive depreciation reserves, and (2) excessive provision for bad and doubtful debts. A third method, charging betterments to expense, should have been included.

EARL A. SALIERS.

- JOHNSON, J. F. *Business and the man*. Modern business, vol. 1. (New York: Alexander Hamilton Inst. 1917. Pp. xx, 330.)
- KNOX, J. S. *Salesmanship and personal efficiency*. (Akron, O.: Superior Press. 1917. Pp. 438. \$2.75.)
- MACGREGOR, T. D. *The new business department*. (New York: Bankers Pub. Co. 1917. \$1.)
- MAY, I. A. *Street railway accounting; a manual of operating practice for electric railways*. (New York: Ronald Press. 1917. Pp. 454. \$5.)
- MULFORD, H. B. *Investment safeguards; a financial guide for persons planning to invest for the first time*. (Chicago: Ames, Emerich & Co. 1917. Pp. 88. \$1.)
- NIMS, H. D. *The law of unfair competition and trade-marks, with chapters on good-will, trade secrets, defamation of competitors and their goods, registration of trade-marks under the federal trade-*

mark act, price cutting, etc. Second edition. (New York: Baker, Voorhis & Co. 1917. Pp. 890. \$10.)

PRILL, A. *Trading in wheat.* (New York: Magazine of Wall St. 1917. Pp. 96. \$1.)

RAYMOND, W. G. *What is fair. A study of some problems of public utility regulation.* (New York: Wiley. 1917. Pp. 171. \$1.)

SALIERS, E. A. *Financial statements made plain.* (New York: Magazine of Wall St. 1917. Pp. 96. \$1.)

Contains brief chapters on profit and income account, construction of the balance sheet and its analysis, functions of funds and reserves, valuation reserves and surplus reserves. The chapters first appeared in the *Magazine of Wall Street*.

SHEPARD, G. H. *The application of efficiency principles.* (New York: Engineering Mag. Co. 1917. Pp. 262. \$3.)

SMITH, C. G. *Cost accounting for oil producers.* Bulletin 158. Petroleum technology 43. (Washington: Dept. Interior. Bureau of Mines. 1917. Pp. 132.)

THOMPSON, C. B. *The theory and practice of scientific management.* (Boston: Houghton Mifflin. 1917. Pp. vi, 319. \$1.75.)

THOMPSON, W. R. *The premium bonus system.* (Glasgow: McCordquodale. 1917. Pp. 99. 5s.)

WADDELL, J. A. L. *Engineering economics.* (Lawrence, Kans.: Engineering Alumni Assoc., School of Engineering, University of Kansas. 1917. Pp. 56.)

WEBB, S. *The works manager of today. An address prepared for a series of private gatherings of works managers.* (New York: Longmans. 1917. Pp. 162. \$1.)

WHITEHEAD, H. *Principles of salesmanship.* (New York: Ronald. 1917. Pp. xviii, 346. \$2.50.)

A strictly vocational book designed for salesmen either in stores or soliciting orders. It discusses motive of buyers, "selling talk," methods of interesting customers, and other details which are likely to promote sales.

WHITELY, J. L. *The law of bills, notes and checks, being the full text of the negotiable instruments law as adopted by forty-four states, the District of Columbia and Hawaii.* (Rochester, N. Y.: National Law Bk. Co. 1917. Pp. 401.)

Bonds of municipalities. (Chicago: Halsey, Stuart & Co. 1917. Pp. 8.)

Excess condemnation. The constitutional convention, 1917, bulletin no. 19. (Boston: Commission to Compile Information and Data for the Use of the Constitutional Convention. 1917. Pp. 19.)

The Fraser budget for personal or family expenses. (New York: Tapley Specialty Co. 1917. Pp. 30. 75c.)

Twelve monthly charts are provided for recording daily expenses under various headings, with a tabulation of daily, monthly, and yearly totals, cash on hand, bank and savings account balances, to induce a definite plan of saving.

Methods of borrowing. Sinking funds v. serial bonds. (Boston: Commission to Compile Information and Data for the Use of the Constitutional Convention. 1917. Pp. 17.)

Moody's manual of railroads and corporation securities. Vol. 3, *Industrial section.* Eighteenth annual number. (New York: Moody Manual Co. 1917. Pp. xii, 88, 2564.)

Municipal officer and the issue of municipal bonds and notes. (Portland, Me.: Fidelity Trust Co. 1917. Pp. 12.)

Operating expenses in the wholesale grocery business. Bureau of Business Research, bulletin no. 9. (Cambridge: Harvard Univ. Press. 1917. Pp. 8.)

This represents the initial results of a study of operating expenses in the wholesale grocery business. Figures were received from 108 wholesale grocers located in 31 states and Canada. The net profit varied from a loss of 1.13 per cent to a profit of 7.01 per cent.

Poor's manual of industrials; manufacturing, mining and miscellaneous companies. Eighth annual number. (New York: Poor's Manual Co. 1917. Pp. 2800. \$10.)

Profit record of the New York curb reduced to figures, illustrating the money-making possibilities of the second largest stock market in the United States. (New York: Publishers Prtg. Co. 1917. Pp. 24.)

Savings payment plan for purchasing safe bonds. (Chicago: Halsey, Stuart & Co. 1917.)

War's effect on British securities. (New York: J. H. Oliphant & Co. 1917. Pp. 31.)

Capital and Capitalistic Organization

Essays in the Earlier History of American Corporations. By JOSEPH STANCLIFFE DAVIS. Harvard Economic Studies, No. XVI. Two volumes. (Cambridge: Harvard University Press. 1917. Pp. xiii, 547; x, 419. \$2.50 each.)

In appearance, workmanship, and permanent value these two volumes fully maintain the high standard set by the best numbers in the series of Harvard Economic Studies. The four essays are entitled: I, Corporations in the American Colonies; II, William Duer, Entrepreneur; III, The "S. U. M.": the First New Jersey Business Corporation; IV, Eighteenth Century Business Corporations in the United States. The first and fourth essays taken

together are an attempt, following the method used with such distinguished success by Professor W. R. Scott in his *Joint-Stock Companies to 1720*, to trace the slow and somewhat disappointing development of the American corporation during the eighteenth century. The second essay, on William Duer, is not directly connected with the main thesis but serves to illustrate the conditions, moral, political, and economic, under which the promoters and managers of the eighteenth century corporation carried on their work. The remaining essay, that devoted to the "S. U. M.," in some ways the most valuable of all the studies, traces at considerable length the foundation and earlier history of the most unique of all the corporate creations which originated in the United States before the middle of the nineteenth century.

As the student of social and economic institutions reads the history of the 317 corporations which are included in the work under discussion, his mind immediately and almost unconsciously reverts to the discarded theory of the founder of modern political economy, Adam Smith, who in 1776 (*Wealth of Nations*, bk. V, ch. 1) concluded that the joint-stock company without exclusive privileges was incapable of being successfully used as an organization for the carrying on of any kind of business except banking, insurance, canals and water works. Davis' investigations, to be sure, partially confirm the conclusion above referred to. For of the 317 corporations enumerated, 29 were engaged in banking, 33 in insurance, 66 in inland navigation, including canals and the improvement of natural waterways, and 32 in the supplying of water. These four categories include 160 companies or over one half of all those incorporated before 1801. If to these we add three other classes, viz., toll-bridges, turnpikes and docks, enterprises so similar in their nature to canals that they may well be included in the same class, there will be found a total of 305 out of 317 corporations or over 90 per cent. Of the remaining, eight were engaged in manufacturing, one in mining, one in agriculture, one in land speculation, and two in trade and commerce.

Viewing the corporation movement as a whole, Davis' investigation proves fairly conclusively that the business man as well as those actively connected with the provincial, state, and federal governments were sufficiently familiar with the technique of the corporation to undertake the work of promotion and organization with considerable success. Indeed, as Baldwin states (*Two Centuries' Growth of American Law*, p. 261), of whatever else they

might be ignorant, every man, woman, and child of the four original New England colonies must know something of the law of corporations, since it governed all the relations of their life. Generally speaking the cause of the many failures was neither a lack of knowledge of the corporate organization, nor was it the lack of the requisite capital.

The financiers of the period were, it appears, fully aware of the advantages of limited liability (vol. II, p. 317), of transferable shares, of a selected board of managers, of using government obligations as a basis for borrowed capital. They feared consolidated wealth (vol. II, p. 320) and occasionally prohibited interlocking directorates (vol. II, p. 325), corporate stockholding and the one share one vote method of voting. Furthermore there were among them men of vision, such as Hamilton, Morris, Duer, Boudinot, and others, who appreciated fully the merits of a diversified industrial life, of large-scale units, and the function of capital as an aid to efficient production.

Considering the opportunities for its profitable use, capital especially after the Revolutionary War seems to have been relatively abundant. Comparatively few projects were abandoned for want of the necessary funds and in numerous instances capital stock was over subscribed, notably during the "bancomania" period when the stock of the "Million Bank" fixed at \$1,000,000 was over subscribed ten times within two hours after it was placed on sale.

The effective obstacles to the early development of the corporation in other lines than those enumerated by Adam Smith are to be found in connection with the problems of management rather than with those of organization. The business men were ignorant of the art of managing finances, men, or machinery. They had not then learned to appreciate the desirability of maintaining a surplus working capital reserve (vol. II, p. 326). Their accountants were inefficient, their managers incompetent and sometimes intemperate, their workmen untrained. Machinery had to be imported. Yet all these difficulties might have been overcome had the directors and managers understood the rudimentary principles of industrial management. The short and disastrous history of the "S. U. M.," the society for establishing useful manufactures, a pet project of Alexander Hamilton, backed by a group of the leading business men of New York and Philadelphia, bears testimony to the now generally accepted fact that incorporated enter-

prises in other than routine fields are foredoomed to failure unless managed with ordinary skill and with ordinary attention to the principles of equity. Banking corporations were generally successful because they were generally managed with at least average ability and with a fair regard to intercorporate justice. Few manufacturing corporations, to quote a contemporary writer, "have ever been fraught with other consequences than those of disappointment and absolute loss" (vol. I, p. 368). The critics of present-day methods of management, even those who believe the railways might save a million dollars a day by the adoption of efficient operating policies, ought to breathe easier after reading the sad history of the first great manufacturing corporation and indeed most of the other industrial corporations of the eighteenth century.

The work is provided with an exhaustive bibliography, a list of the incorporated companies arranged chronologically by classes, and an excellent index.

MAURICE H. ROBINSON.

University of Illinois.

NEW BOOKS

BRUCE, A. A. *Property and society*. National social science series, edited by F. L. McVEY. (Chicago: McClurg. 1916. Pp. 150. 50c.)

Judge Bruce generalizes historically and descriptively concerning the right to private property, the modern extensions of the conception of that right, and the limitations upon it. He pleads for legislative and judicial action based upon what is for the public interest rather than upon the fact that rights are to be protected or have been infringed. He hints, for instance, at the advantages to society from the increased size of business and industrial units. If practical monopolies in the business and industrial world were only impressed with a public interest he believes the trust-busting era might well be brought to an end. The author doubts the advisability of the state's taking over vast accumulations of capital through drastic inheritance tax laws.

The fact that a judge of one of our state courts of last resort is moved to write on the subject of property and society at all causes us to wish that he had made a closer psycho-analysis of the mental operations of judges who have the validity of legislation before them for determination. Do they, for instance, in any considerable numbers regard it as their duty to stand between property and the proletariat? Do they in reality constitute our American House of Lords? If so, do they perform on the whole a wise and useful function? Can any government live long in order without such conservative second chambers? Judge Bruce's book suggests that he could throw light on these vital matters if he only would.

A. M. KALES.

- FLETCHER, W. M. *Cyclopedia of the law of private corporations*. Vol. 1, no. 2. (Chicago: Callaghan. 1917.)
- JENKS, J. W. *The trust problem*. Fourth edition, enlarged and revised. (Garden City, N. Y.: Doubleday, Page. 1917. Pp. 499. \$2.)
- MALTBIE, M. R. *Municipal utilities*. (Princeton, N. J.: Princeton Univ. Press. 1917.)
- Public service commission rulings of interest to electric light and power plants, electric railways, telephone companies*. (New York: Electrical Record. 1917. Pp. xiv, 151.)
- Public utilities reports annotated, containing decisions of the public service commissions and of state and federal courts*. 1917. (Rochester, N. Y.: Lawyers Coöperative Pub. Co. 1917. Pp. 1180. \$5.)
- Reports of decisions of the public utilities commission of the state of Colorado, from November 1, 1916, to May 1, 1917*. Vol. 3. Containing also general orders and the public utilities act as amended. (Denver, Col.: Courtright Pub. Co. 1917. Pp. xiv, 496.)
- Street railway conditions in the District of Columbia. Report of special committee*. S. Rept. No. 176, 65 Cong., 1 Sess. (Washington: Supt. Docs. 1917. Pp. 57.)

Labor and Labor Organizations

NEW BOOKS

- BABCOCK, G. D. *Taylor system in Franklin management*. (New York: Engg. Mag. Co. 1917. \$3.)
- BULLARD, W. I. *Women's work in war-time*. (Boston: Merchants National Bank. 1917. Pp. 85. Gratis.)
- COLE, G. D. H. *Self government in industry*. (London: Bell. 1917. 5s.)
- HOAGLAND, H. E. *Collective bargaining in the lithographic industry*. Studies in history, economics and public law, vol. LXXIV, no. 3. (New York: Longmans. 1917. Pp. 130. \$1.)

This monograph is largely the result of an investigation which the writer made for the United States Commission on Industrial Relations. The industry dealt with is a small one, yet its experience with collective bargaining deserve detailed attention since they throw considerable light upon the general situation.

In his introduction, the writer explains the mysteries of lithographic art and indicates the important position which skilled labor has in the field. Chapter I deals with the development of organization both of employers and employees. It is doubtful if any other trade has had such a tangle of organization, in proportion to the number of workmen and shops, as has lithography. The various twists and turns in this connection are clearly set forth.

The main part of the monograph covers the attempts of the chief employers' association to obtain the consent of the unions to a system of "mutual government." This plan involved the creation of a joint commission to act as a court of appeals to adjudicate disputes that could not be settled locally. From 1902 to 1906 the employers pressed their proposition, altering its details from time to time in an endeavor to gain the main point. For a brief time "mutual government" was given a trial, only to be rejected by the unions. At last the separate employers' associations consolidated, then instituted and finally won a sharp fight for the open shop.

Dr. Hoagland's account is of peculiar interest to students of labor organization, because it reveals a clear case of trade-union "tyranny," and also because it shows that arbitrary policies contain the seed of their own destruction. The history of the lithographic industry makes it evident that trade unions cannot withstand reasonable requests for peaceful bargaining unless they wish to force employers into combinations strong enough to defeat labor at its own game.

FRANK T. STOCKTON.

KELLY, R. W. *Hiring the worker; a manual for employment managers.* (New York: Engg. Mag. Co. 1917. \$3.)

MILLS, F. C. *Contemporary theories of unemployment and of unemployment relief.* Columbia University studies in history, economics, and public law, vol. LXXIX, no. 1. (New York: Longmans. 1917. Pp. 178. \$1.50.)

ROCHESTER, A. *Child labor in warring countries. A brief review of foreign reports.* Industrial series, no. 4. Bureau publication, no. 27. (Washington: Children's Bureau, U. S. Dept. Labor. 1917. Pp. 75.)

VAN KLEECK, M. *A seasonal industry. A study of the millinery trade in New York.* (New York: Russell Sage Foundation. 1917. Pp. x, 276. \$1.50.)

New York City supplies millinery for her own cosmopolitan population and for women in every state of the Union. This results in a focusing of evils which have made the trade a striking illustration of the waste of which our present industrial system is capable. The large demands for feminine head-dress are extremely erratic since they depend on the "fickle fancies of fashion" and on seasonal variations which no one has learned to forecast. The temptation to postpone production until the uncertain demand can be gauged is increased by the large oversupply of youthful, unorganized labor which waits at call. There is an aesthetic side to the trade which appeals strongly to women; vocational schools and settlement clubs are continually increasing the number of girls with some experience in the industry; and the trade offers possibilities of independent business enterprise which recommend it to many ambitious women. The logical results of the varying demands for the product and the

oversupply of labor are set forth fully and effectively in an interesting narrative and well organized statistical tables, under a title to which this industry has established its paramount claim.

The conditions revealed by the investigation furnish a strong argument in support of the recommendation of the New York State Factory Investigation Commission that wage boards should be organized for the regulation of industries in which women and minors are employed at less than a living wage. The millinery trade fails to yield a living wage to over half of its workers; less than three out of each hundred whose names appear on the payrolls receive wages from one position throughout the year; the majority of its employees suffer the strain of job hunting at three-month intervals and have an annual average of nine weeks of idleness. The Australian experience with wage-board regulation of the extensive millinery industry of Melbourne is presented as an encouraging example. Miss Van Kleeck suggests that "the strongest argument for a wage board in the millinery trade in New York rests on the need for concerted and intelligent action on the part of employers and employes in a trade in which at present coöperation is meager, while its problems are quite beyond the power of individuals acting alone to solve." Improved standards of workmanship and more thorough trade instruction might result from such joint activities. The possibility of an organized effort on the part of wearers of millinery for the purpose of regulating their whimsical demands is suggested as another method of remedying the evils of low wages and irregular employment which afflict its producers.

LUCILE EAVES.

WEBB, S. *The restoration of trade union conditions.* (New York: Huebsch. 1917. Pp. 109. 50c.)

Shortly after the outbreak of the war, the English government secured from the trade unions an agreement to give up all rules which restricted output. An explicit pledge was given that at the end of the war these conditions should be restored. Mr. Webb argues that it is impossible to keep this promise, partly because the loss of national income would be more than could be contemplated, and partly because of the opposition of employers and of the new classes of workmen. The danger, in his opinion, is that there will be a compromise, under which practically all the innovations will be retained and the unions will be left without the protection afforded by the old rules. As an alternative, Mr. Webb proposes a plan designed to preserve the increased national income and to secure the protection of the workman's standard of living. His program includes governmental action to secure the prevention of unemployment, the maintenance of standard rates, and collective bargaining. Apart from its interest as a contribution in an important question, the pamphlet is valuable as containing in brief space an exposition of Mr. Webb's philosophy of trade unionism.

G. E. B.

- British labor's war message to American labor. Addresses and discussions at a meeting of the committee on labor of the Council of National Defense held in Washington, D. C., on May 15, 1917.* S. Doc. No. 84, 65 Cong., 1 Sess. (Washington: Supt. Docs. 1917. Pp. 100.)
- Industrial fatigue. A bibliography.* Bulletin of the Russell Sage Foundation Library, no. 24. (New York: Russell Sage Foundation. 1917. Pp. 3.)
- Industrial unrest.* Reports of Commission of Enquiry into Industrial Unrest. (London: Wyman. 1917. 9 parts. 1s. 8d.)
- New York state labor law and industrial code. With amendments, additions, and annotations to July 1, 1917.* (Albany, N. Y.: Bureau of Statistics and Information. 1917. Pp. 270.)
- Women in industry in war-time. A bibliography.* Bulletin of the Russell Sage Foundation Library, No. 26. (New York: Russell Sage Foundation. 1917. Pp. 3.)
- Women's work in war time.* Bulletin no. 14. (Boston: Consumers' League of Massachusetts. 1917. Pp. 4.)

Money, Prices, Credit, and Banking

Modern Currency Reforms. A History and Discussion of Recent Currency Reforms in India, Porto Rico, Philippine Islands, Straits Settlements, and Mexico. By EDWIN WALTER KEMMERER. (New York: The Macmillan Company. 1916. Pp. xxi, 564. \$2.40.)

Professor Kemmerer in this volume surveys the currency reforms of India, Porto Rico, the Philippines, the Straits Settlements, and Mexico, in the order named. The arrangement is a chronological one, the Indian reforms having been introduced first and then the others as given with Mexico last in the list. The largest amount of space is devoted to India because of its importance to students of monetary problems and reforms in the Philippines come next in length of treatment, a decision that seems proper because of their significance to American readers. Mexico and Porto Rico are discussed at less length while the Straits Settlements whose problems are least important to us are given the shortest space of the five. A small part of the material on the reforms in the Philippines and most of the discussion of conditions in the Straits Settlements are familiar to students through Professor Kemmerer's articles in various economic journals. By far the greater part of the material is new and intensely interesting. The list of countries whose monetary reforms are of

significance is not complete, but the most important have been chosen and others could not conveniently have been included in a single volume.

Readers will expect from the author his usual thorough, painstaking treatment and will not be disappointed. All of the problems are analyzed with fidelity to detail. Authorities are carefully cited on all questions of fact, and matters of opinion are fully supported by argument. Each of the five sections of the book has a selected bibliography, which to most readers is far better than a more complete one.

The use of the gold standard reserve by the countries that have adopted the gold-exchange standard is one of the most interesting of modern problems and on this the author's ideas are repeatedly expressed. He is clear and convincing in his support of the view that the gold fund held should not be too low, approving, for example, in the case of India the recommendation of the Royal Commission that "not less than one-half of the fund should be held in actual gold when the total fund exceeds £30,000,000," and favoring the decision of the Philippine government to fix the fund for that country "at 35 per cent of the money in circulation and available for circulation." The latter he considers entirely ample, being willing to see it as low as 25 or 30 per cent. He also makes plain the reasons why the fund for India should be kept partly in London with a rupee portion in India and why similarly the Philippine fund should be kept partly in Manila and partly in New York.

Some of Professor Kemmerer's criticisms are of interest, particularly those of the management of the Philippine gold standard fund. The fund is, or should be, a "regulator" fund. Invested locally, *i.e.*, in the Philippines, it is not segregated but is restored to the circulation which may thus become redundant, the very effect which the fund is intended to avoid. The same result is accomplished if the local portion of the fund is deposited in Manila banks as these banks at once pass it into circulation or else use it as reserve for an expanded credit.

Another difficulty exists in the management of that part of the Philippine fund which is deposited in the New York banks. Instead of being "ear-marked" it is merely a deposit account. Since Professor Kemmerer wrote, our reserve requirements have been altered entirely with the member banks retaining in their own vaults only such amounts as they think advisable for counter uses. The real

cash reserve is thus in the possession of the reserve banks which are required to hold against their deposit liabilities only 35 per cent in gold or lawful money. Such an arrangement is perhaps not to be criticised with undue severity, but it is the sort of thing that adds to the banking strain that has become so acute in Europe and which will undoubtedly be felt severely by us if the war continues long.

The last chapter of the discussion of the Porto Rican reforms is devoted to a critical examination of the plan that was adopted and is so interesting and valuable as to suggest that a similar treatment of the other sections of the book would have proved most helpful. Thus the author's generalizations regarding the way in which the Indian currency plan stood the strain of the European war are given very briefly (pp. 146-147) and are not very adequately supported. A longer analysis would have been helpful; and since the volume was published in December, 1916, a considerable amount of information was available. The same comment may be made, although with considerably less emphasis, regarding the treatment of the Philippine currency and that of the Straits Settlements.

Finally it may be remarked that a general concluding chapter would have been helpful, one bringing together such generalizations as seem warranted regarding the whole problem of currency reform in our new, undeveloped countries. The Philippine situation is demanding attention, and Mexican problems are again acute, while most of the Latin American countries must sooner or later give serious thought to their monetary affairs.

E. M. PATTERSON.

University of Pennsylvania.

The Value of Money. By B. M. ANDERSON, JR. (New York: The Macmillan Company. 1917. Pp. xxviii, 610. \$2.25.)

In 1911 Mr. Anderson published a noteworthy book entitled *Social Value* of which the book under review is a logical outcome. Indeed the first chapter, on Economic Value, is a summary or condensed resumé of the former book, and in the other chapters the doctrines of that book are applied to the solution of the problem of the value of money.

In part I, entitled *The Value of Money and the General Theory of Value*, the thesis is maintained that "the problem of the value of money is a special case of the general problem of value" but

that economic theorists have not generally so treated it, indeed that two quite independent bodies of doctrine have been developed in connection with these two subjects and that both are defective and inadequate. He treats these defective bodies of doctrine in five chapters of part I, under the heads, Supply and Demand, Cost of Production, the Capitalization Theory, and Marginal Utility, and in part II, all of which is devoted to a criticism of the quantity theory. In part III he develops his own explanation of the value of money in four chapters in which he treats the relation to his topic of the origin of money, the functions of money, credit and bank assets, and bank reserves. The concluding chapter, also designated as part IV, is devoted to the reconciliation of statics and dynamics, to the various contrasts between and conceptions of which he has devoted much attention in the previous chapters.

Mr. Anderson's conception of value and its relation to price is in accordance with that of many other writers, but opposed to that of writers who treat it as a relation or as purchasing power. It is, in his words, "an absolute quantity, prior to exchange," "the fundamental and essential attribute or quality of wealth, the common or homogeneous element present amidst the diversities of the physical forms of wealth, by virtue of which comparisons may be instituted among different kinds of wealth, and different items of wealth may be added to make a sum, put into ratios of exchange, and so on" (p. 388).

According to his view, "individual prices have two coöperating causes: (a) the social economic value of the money-unit, and (b) the social economic value of the unit of the good in question" (*ibid.*).

"Particular prices and general prices may change because of changes in the value of goods, with no change in the value of money. Or, particular prices and general prices may change because of changes in the value of money, with goods remaining constant" (*ibid.*).

His special contribution to the subject consists in his "causal explanation of the value quantity" (*ibid.*). This he finds neither in any form of cost of production nor in marginal utility, but in the "organic interplay" (p. 16) of the many minds which constitute society. It is, in his judgment, a social product to the making of which not only individuals by their activities and judgments contribute, but also "objective, external, constraining and im-

elling forces" (p. 19) like law, moral and secular, public opinion, "Church and State and Courts and Professions and great corporations and Political Parties, and multitudinous other less formal or smaller institutions, which go on in continuous life, though the men who act within them pass and change" (p. 20).

These social forces operate upon each and every commodity, including the money unit and determine for it its quantum of value. The objects of valuation in the money unit ordinarily are the commodity or material thing of which it is composed and some of its monetary uses, especially its use as a medium of exchange, a "bearer of options," a store of value and a reserve for credit instruments. The author devotes a long and illuminating chapter (ch. 22) to the analysis of these and the other functions of money which he designates as that of a common measure of values, a legal tender for debts and a standard of deferred payments. Money, he says, must have value from some source other than the monetary employment, "but this does not mean, necessarily, that money must be made of precious metals or be convertible into precious metals." His theory makes room for the "hypothetical possibility" that "paper money may attain a value of its own, growing out of the various factors which a social psychology can explain, including law, patriotism, and custom," though it is his judgment that "no clear case has been made for the view that this [paper money having a value apart from its prospect of redemption] has historically occurred" (p. 391).

His theory enables him to illuminate many of the difficult problems connected with credit and its relation to prices and those connected with bank assets and bank reserves. In his chapter on credit (ch. 23) he discusses such questions as:

What difference is made in values and prices by lending and borrowing? What kinds of lending and borrowing are there? What shall we say of bank notes, of bank deposits, of bills of exchange? What difference is made by the money market? Behind the legal forms and the technical methods, what are the psychological forces at work? How are these psychological forces modified by the technical forms and methods? What are the economic differences between long and short time loans? How shall we draw the distinction between the money rates and the long time interest rate on capital? Why can some things serve as collateral in the money market when others cannot? What sorts of credit are appropriate to commerce, to manufacturing, to agriculture? Is credit capital? Is an increase in credit an increase in values?

His chapter on Bank Assets and Bank Reserves" (ch. 26) is a

continuation of the same topic in the form of an analysis of bank assets and an excellent discussion of the subject of bank reserves in which the commonly held view of the relation of bank reserves to bank credit is shown to be erroneous.

The critical portions of the book are of unequal merit. In the judgment of the reviewer those which pertain to other theories of value than the author's, especially to the marginal utility theory, are too absolute and uncompromising in condemnation. To the reviewer the social value theory seems rather a valuable and necessary supplement to, rather than a substitute for, the marginal utility theory. The chapters on the quantity theory, however, are comprehensive and thorough and ought to assist in clarifying the minds of economists who are still befogged by that theory. Without doubt it is the most complete refutation of that theory which has been published.

The book bristles with points of controversy which challenge the reader. It is doubtful if any economist would agree with it all. From the point of view of the reviewer the weakest points in it are the analysis of the marginal utility theory and its relation to the author's theory, and the analysis of credit and bank assets. These weaknesses, however, are of minor importance. Considered as a whole, the book is strong and valuable, a real contribution to economic theory and a credit to its author.

WM. A. SCOTT.

University of Wisconsin.

NEW BOOKS

ARMSTRONG, L. and DENNY, J. O. *Financial California; an historical review of the beginnings and progress of banking in the state.* (San Francisco: Coast Banker Pub. Co. 1916. Pp. 191, xcv. \$22.50.)

An annalistic account of banking, with chapters on the initial period of 1849-50, San Francisco banks of the fifties, early-day bank failures, early savings banks, private coinage in San Francisco, and banking in late decades. There are several chapters of reminiscences by bankers who were active a generation ago. In an appendix is a list of all existing banks showing the date of organization. There are many pages of photographs.

DUNBAR, C. F. *The theory and history of banking.* Third edition revised and enlarged by O. M. W. SPRAGUE. (New York: Putnams. 1917. Pp. 297. \$1.50.)

Professor Dunbar's volume, which has enjoyed high regard since its publication in 1891, has been thoroughly revised and enlarged by Professor Sprague, a former pupil of the author. The additions

by Professor Sprague consist of three chapters on Foreign Exchange, Central Banks, and the Federal Reserve System. Professor Sprague is skeptical in regard to any speedy and general use of the trade acceptance (p. 277). Of interest is the reviser's comment that "the full development of the reserve system will require a much longer period than was generally anticipated when the federal reserve act was passed." In the new volume two chapters have been omitted, those on Combined Reserves and the Bank of Amsterdam. This revision is undoubtedly likely to restore Professor Dunbar's concise and accurate text to the favor it formerly had with college teachers previous to the adoption of the federal reserve system.

ESCHER, F. *Foreign exchange explained. A practical treatment of the subject for the banker, the business man, and the student.* (New York: Macmillan. 1917. Pp. xii, 219. \$1.25.)

HOWE, F. C. *The high cost of living.* (New York: Scribner. 1917. Pp. x, 275. \$1.50.)

KEMMERER, E. W. *Postal savings. An historical and critical study of the postal savings bank system of the United States.* (Princeton: Princeton Univ. Press. 1917. Pp. vii, 176. \$1.25.)

Professor Kemmerer has here offered in book form two articles on the postal savings system of the United States which appeared respectively in the *Political Science Quarterly* in 1911 and the *American Economic Review* in 1917. The material in the two articles appears in integrated form in the book with certain additions and corrections.

This study of our postal savings act and its practical workings is satisfactory from every point of view. Without being burdened with tedious detail, the reader is given a complete and logically developed description of the system, including a careful evaluation of it from the standpoint of its place in the economic system. An opening chapter dealing with the agitation which culminated in the passage of the act of 1910 is followed by a thoroughgoing exposition of the provisions of the act and a description of its administrative machinery. The chapter on deposits and depositors which forms a third of the whole work presents an analysis of the postal savings account from every angle and throws much light upon the question of the real economic justification of the system. This is followed by a discussion of the provisions of the act with reference to the investment of funds and by a final chapter given over to an economic analysis of the system.

Appendices contain the original acts and subsequent amendments of both the United States and the Philippine systems.

GEORGE W. DOWRIE.

KITSON, A. *A fraudulent standard. An exposure of the fraudulent character of our monetary standard with suggestions for the establishment of an invariable unit of value.* (London: King. 1917. Pp. xiv, 233. 7s. 6d.)

- MORSE, J. T. *A treatise on the law of banks and banking*. Fifth edition, revised and enlarged. (Boston: Little, Brown. 1917. 2 vols. \$15.)
- PIERSON, L. E. *The trade acceptance. A national asset. An address before the war convention of American business of the Chamber of Commerce of the United States*. (New York: Irving National Bank. 1917. Pp. 23.)
- SPALDING, W. F. *Eastern exchange, currency and finance*. (London: Pitman. 1917. 10s. 6d.)
- WHITE, B. *Silver: its history and romance*. (London: Hodder & Stoughton. 1917. 21s.)
- WHITLEY, J. L. *The law of bills, notes and checks; being the full text of the negotiable instruments law as adopted by forty-four states, the District of Columbia and Hawaii*. (Rochester, N. Y.: National Law Book Co. 1917. Pp. 401. \$4.)
- WILSON, F. R. *Federal farm loan act and how it works*. (New York: Small, Maynard. 1918. \$1.50.)
- WITHERS, H. *Our money and the state*. (London: Murray. 1917. Pp. 128. 3s.)
- WOLFE, O. H. *Practical banking*. (Chicago: LaSalle Extension Univ. 1917. Pp. xi, 290. \$2.)

There is the usual list of topics found in books devoted to a description of the activities of the various departments of a bank. The duties connected with the more important positions and the most approved methods of handling the particular tasks involved are described with commendable clearness and disregard of painful detail. If the author had contented himself with doing this task well, little fault could be found with the book. Unfortunately, he has seen fit to incorporate into the present volume papers written for financial journals as well as an address which he helped prepare on the subject of the significance of the bank check. The carelessness with which this matter has been introduced causes the work to suffer from a lack of systematic organization and unity of treatment. What is said in chapters devoted to the clearing of checks, the payment of interest on deposits and the sphere of the check in modern economic life might better be taken up, shorn of all historical and theoretical trimmings, in connection with the handling of checks and deposits. Either the chapter on the savings bank and trust company should have been left out entirely or a treatment of their operations which would have been in keeping with a work on banking practice should have been substituted for a few glittering generalities. Such timely topics as the problem of cost accounting and the operations growing out of check collection and rediscounting in connection with the federal reserve system do not receive adequate treatment.

GEORGE W. DOWRIE.

Banking forms; a practical and up-to-date set of banking forms ar-

ranged in groups covering the various departments in a commercial banking institution; including trust company forms and savings bank forms. (New York: Banking Law Journ. Co. 1917. Pp. 96. \$1.)

The banking law of the state of New York, constituting chapter 2 of the consolidated laws, being chapter 369, laws of 1914, as revised by the banking commission of 1914, with amendments for 1915, 1916, and 1917. (Albany, N. Y.: Legislative Index Pub. Co. 1917. Pp. 290. 75c.)

Banking law of New York; chapter 2 of consolidated laws, chapter 369, laws of 1914, with notes, annotations and references. (New York: Banks Law Pub. Co. 1917. Pp. 553.)

Proceedings of the assay commission, 1917. Test of coinage executed and reserved during the calendar year 1916. Also laws of the United States relating to the annual assay and rules for the organization and government of the board of assay commissioners. (Washington: Supt. Docs. 1917. Pp. 29.)

Trust companies of the United States, 1917. (New York: United States Mortgage and Trust Co. 1917. Pp. 545.)

This is the fifteenth issue of this series and contains all the admirable features of its predecessors.

Public Finance, Taxation, and Tariff

NEW BOOKS

BULLOCK, E. D. *Selected articles on single tax.* Second edition revised and enlarged by J. E. JOHNSON. Debaters' handbook series. (New York: H. W. Wilson Co. 1917. Pp. xxxiii, 249. \$1.25.)

The first edition was published in 1915. Supplementary material of about 50 pages includes new references, addition of reprints, and the extension of the brief.

COLLINS, C. W. *The national budget system and American finance.* (New York: Macmillan. 1917. Pp. vi, 151. \$1.25.)

With the rapid increase of governmental expenditures, agitation for budget reform, local, state, and national, has gained increasing prominence in the past few years. The national government has not yet progressed beyond investigation and discussion of the problem, but the need of changing financial procedure was recognized in the national party platforms of 1916, and the enormous expenditures occasioned by the war are making changes in procedure imperative. Because of the increasing importance of this problem there is need for a simple, non-technical exposition of budget procedure which will bring it within the understanding of the uninformed "average" citizen. It is to meet this need, heretofore almost unheeded in the rapidly growing literature dealing with budget problems, that Mr. Collins has written this small volume. He aims to present neither new suggestions nor new material. He has limited himself strictly

to the more difficult task outlined above. And in this he has been quite successful.

The problem is carefully defined, and a survey of the budget systems of European countries is then presented, which, though brief, is sufficiently comprehensive to provide the necessary background for the ensuing discussion. Following this introductory material, the essential features of a budget system, as defined in the opening chapter, are outlined; and this system is used as the standard to measure and to judge financial procedure in the United States, which is considered in some detail. In this discussion the weak points of our system are carefully enumerated and the remedies indicated, due consideration being given to the constitutional and legal difficulties involved.

In some chapters, particularly those dealing with the European systems, readableness has been to some extent sacrificed to conciseness, which is unfortunate in view of the fact that the book is designed primarily for popular use; but this is less true of the more important chapters dealing with American procedure, and on the whole brevity is distinctly a merit of the work. In no other respect does it fall short of its purpose.

MABEL NEWCOMER.

GLEASON, L. B. and OTIS, A. *Inheritance taxation*. (Albany, N. Y.: Bender. 1918.)

GULLY, H. J. *Income tax up to date. Including an explanation of the excess profits duty*. (London: Financial News. 1917. 7d.)

HUNTER, M. H. *The development of corporation taxation in the state of New York*. (Urbana, Ill.: The author. 1917. Pp. 177.)

LUTZ, H. L. and TODD, E. S. *The reform of the Ohio tax systems. Papers read before the Ohio Academy of Social Sciences, April 6, 1917*. (Columbus: Ohio State Univ. 1917.)

LUTZ, H. L. *State tax commission*. (Cambridge, Mass.: Harvard Univ. Press. 1917.)

MOORE, E. D. *War tax; a complete analysis and explanation of normal taxes and special war taxes now imposed by the federal government, including tables and examples, applied to corporations, partnerships, individuals, etc.* (San Francisco: Ten Bosch Co. 1917. Pp. 31.)

NICHOLSON, J. S. *War finance*. (London: King. 1917. 7s. 6d.)

PHELPS, E. M. *Selected articles on the income tax with special reference to graduation and exemption*. Third and enlarged edition. Debaters' handbook series. (New York: H. W. Wilson Co. 1917. Pp. xxxiii, 235. \$1.25.)

Special attention is given in this revised edition to the graduation features of the income tax and to exemption. Reference is also made to the recent experience of Massachusetts and Wisconsin. The supplementary material covers about 85 pages

PIERSON, L. E. *Government price fixing and profit taxation*. (New York: Irving National Bank. 1917. Pp. 25.)

PULSFORD, E. *Commerce and the Empire 1914 and after*. (London: King. 1917. Pp. x, 248. 7s. 6d.)

This is a fervent presentation of the case for free trade, mainly as applied to Great Britain and to the Empire at large. England's remarkable progress under the more than a half century of free trade is discussed; the pre-war success of this commercial policy, it is argued, has been too unmistakable for any doubt to arise as to the desirability of continuing the same policy after the war is over. Mr. Pulsford sees nothing but disadvantage in the movement for making of the Empire an economic unit through a system of tariffs, along the lines proposed some years ago by the late Honorable Joseph Chamberlain. The system of preferential tariffs (the preferential delusion, as it is styled), inaugurated by Canada in the latter part of the nineteenth century and later adopted by other of the self-governing dominions, comes in for sharp criticism.

The various chapters, though centering upon the same general subject, at times lack coördination. Some are reprints or summaries of articles prepared for presentation at free trade congresses. Some valuable statistical data bearing upon commerce and shipping are found in the appendix. The author has for thirty years or more been a champion of free trade in Australia, and has been a member of the legislative council of New South Wales and of the senate of the Commonwealth of Australia.

AVARD L. BISHOP.

RAI, L. *England's debt to India. A historical narrative of Britain's fiscal policy in India*. (New York: Huebsch. 1917. Pp. xxiv, 364. \$2.)

REAMS, L. A. *Taxation in Virginia during the Revolution*. (Richmond, Va.: Richmond College. 1917.)

ROGER, F. *Les impôts sur le capital*. (Paris: Marchal & Godde. 1917. 7.50 fr.)

STOURM, R. *The budget. A translation from the seventh edition of "Le budget (Cours de finances)", Paris, 1913*. PLAZINSKI, translator; W. F. McCaleb, editor. Introduction by C. A. Beard. (New York: Appleton, for the Institution for Government Research. 1917. Pp. xxvii, 619. \$3.75.)

TOLLEY, C. H. *Income-tax and excess profits duty. A chart of rates, allowances, and abatements*. (London: Waterlow & Sons. 1917. 1s.)

VANDERLIP, F. A. *How to win the war*. (Minneapolis, Minn.: Business Men's Association. 1917. Pp. 19.)

Descriptive of the use of war savings stamps and certificates.

YOUNG, A. N. *The single tax*. Bulletin of the university extension

division, new series, vol. III, no. 17. (Berkeley: Univ. California. 1917. Pp. 16.)

In addition to a discussion, contains a list of references.

Annotated tax laws of Texas, including all constitutional and statutory provisions down to 1917. (Austin, Texas: Standard Trust Co. 1917. Pp. xxxiv, 661. \$10.)

Classification of property for purposes of taxation. The constitutional convention, 1917, bulletin no. 20. (Boston: Commission to Compile Information and Data for the Use of the Constitutional Convention. 1917. Pp. 28.)

Comptroller's monthly report for June, 1917, and from January 1, 1917, to June 30, 1917. (New York: Dept. Finance, Bureau of Accountancy. 1917. Pp. xxii, 120.)

Constitutional restrictions on state debts. The constitutional convention, 1917, bulletin no. 15. (Boston: Commission to Compile Information and Data for the Use of the Constitutional Convention. 1917. Pp. 36.)

Digest and text of the war tax law of 1917. (New York: Standard Statistics Co. 1917. Pp. 92.)

Digest of federal income and war excess profits tax laws, with table showing amount of income tax on net incomes ranging from \$3,000 to \$3,000,000; and table showing amount of war excess profits tax on incomes from 8% to 1,000% on capitals ranging from \$20,000 to \$50,000,000: Income tax act of September 8, 1916; war income tax; war excess profits tax; act of October 3, 1917. (New York: National City Co. 1917. Pp. 62.)

Standard manual of the income tax. 1918 edition. (New York: Standard Statistics Co. 1918. \$3.)

State budget systems in the United States. The constitutional convention, 1917, bulletin no. 2. (Boston: Commission to Compile Information and Data for the Use of the Constitutional Convention. 1917. Pp. 46.)

Status of bonds under the federal income tax. 1918 edition. (New York: Standard Statistics Co. 1917. \$3.)

Summary of Australian financial statistics, 1907-1916. Finance bulletin no. 10. (Melbourne: Commonwealth Bureau of Census and Statistics. 1917. Pp. 95.)

Tariff reform (home production-trade protection) versus free trade. (Dublin: Wilson, Hartbell & Co. 1917. Pp. 49. 1s.)

Taxes on incomes and excess profits as revised and amended by the war revenue act of October 3, 1917; digest and text. (San Francisco: Savings Union Bank & Trust Co. 1917. Pp. 78.)

Tax law of the state of New York, being l. 1909, chapter 62, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws" with all amendments to the end of the legislative session of 1917. (New York: Baker, Voorhis; Albany: Bender & Co. 1917. Pp. 281. \$2.)

Text and summary of the federal income, war income, excess profits, capital stock, estate and war estate, tax laws. (New York Trust Co. 1917. Pp. 137.)

The war revenue law of 1917. Exposition of the law and text of the law. Second edition. War legislation series, no. 1. (Washington: Federal Trade Information Service. 1918. Pp. 87.)

The war tax law; approved October 3, 1917. (New York: Guaranty Trust Co. 1917. Pp. 132.)

Population and Migration

The Case for Birth Control. A Supplementary Brief and Statement of the Facts. By MARGARET H. SANGER. (New York: Margaret H. Sanger, 104 Fifth Ave. 1917. Pp. 251.)

This collection of statistical material and opinion—chiefly medical—is designed to do for birth control what the Brandeis-Consumers' League briefs did for the eight-hour day and minimum wage legislation.

Some fault might be found with the arrangement of the material, the failure to provide an index or a bibliographical list of authorities, and the indifferent proof-reading. The academic Malthusian may also be tempted to adverse criticism of the absence of any material bearing on the larger economic aspects of the problem. Such criticism, however, would be unfair and entirely out of place, because the book—as indeed Mrs. Sanger's whole propaganda—is not designed to attack any long-range problem of population in relation to natural resources or to international rivalries, but to help in the immediate and pressing task of rationalizing public sentiment and informing the judiciary with regard to the real issues and facts involved in the law's edict concerning the giving of information on contraceptive methods.

And it must be said that even the most puritanical exponent of the ignorant, prurient idealism of our "black walnut" period would find in this volume that which might give his conscience a beneficial shock. He could hardly brush aside the weight of medical fact and opinion here marshalled, nor the well presented statistics of birth, death, and infant mortality rates, showing the remarkable and sinister correlation between high birth rate and

high infant mortality. One especially interesting fact brought out is that the number of deaths of women 15 to 44 years of age from puerperal septicemia, etc. (9,876 in 1913), is second only to the number resulting from tuberculosis (26,265). In all the literature of population, there is a curiously obtuse failure to give consideration to the vital costs of large populations and high fertility rates. This may be attributed to the fact that it has been chiefly economists, and among them chiefly those strongly under the influence of classical materialism, who have studied population problems seriously. A second explanation lies in the fact that most of the writers have been men, upon whose sex the vital costs do not fall heavily. Certainly social science and ethics, as well as law and social politics, have lost greatly from the fact that women have so long been discouraged—or rather not encouraged to enter a field of study which concerns them in so fundamental a manner.

The book contains chapters on the origin and practice of birth control in foreign countries, the birth rate, infant mortality, maternal mortality and diseases of pregnancy, harmful methods of control, prostitution and venereal disease, other transmissible diseases, and pauperism. The chapter on infant mortality is a transcription, almost entire, of Emma Duke's report for the Children's Bureau on infant mortality in Johnstown, but unfortunately the part of the report which should be most convincing of the ethics and necessity of rational birth control—the pathetic record of individual cases among the working class women of Johnstown—is omitted.

As an aid in the magnificent publicity Mrs. Sanger has given to the medieval quality of certain sections in our penal and moral code, this compilation is a distinct contribution, and the economist or sociologist who is not merely an academic historian may well add it to his working library. Public and college libraries will probably put it in the "limbo."

A. B. WOLFE.

University of Texas.

The Declining Birth-Rate, Its Causes and Effects. Being the Report and the Chief Evidence Taken by the National Council of Public Morals—for the Promotion of Race Regeneration—Spiritual, Moral and Physical. (New York: E. P. Dutton and Company. 1916. Pp. xiv, 450.)

By just what logic or authority a body of men and women,

however prominent socially or otherwise, get together and denominate themselves a commission on morals—and a *national* commission at that—does not appear from this report. The unwary may expect to see the report of a royal commission, but we find that the existence of this private body prevented the appointment of a government commission. However, the presence of such men as Newsholme, Stevenson, Hobson, and Hobhouse on the commission gives promise, which the body of the report keeps, that the work done will have significant, if not definitive, value. Naturally, a large amount of the attention of the commission was given to the extent and ethics of volitional limitation, and perhaps the chief value of the report is the indications it affords not only of the extent of the use of artificial control but also of the sentiment of various classes toward it. The commission itself does not venture to give any very decided recommendation either for or against birth control, but the implication is that both fact and logic were so favorable to it that no strong opposition could be voiced except in a minority report.

As was to be expected, the physicians testifying disagreed with regard to the effects, harmful or otherwise, of artificial methods; though there seemed to be fairly unanimous belief that among the poorer classes ignorance leads to the use of harmful and even dangerous devices. The testimony of Sir Thomas Oliver is especially informing on this point. Dr. Drysdale gave a valuable explanation of the principles of the Neo-Malthusian League.

Dr. Brownlee, statistician to the Medical Research Committee under the Insurance Act, undertook to uphold the proposition that the decline of the birth rate is not mainly due to conscious restriction, but that it is the expression of variation in "germinal activity" in cycles of some two hundred years each. This highly speculative theory was supported, as may be imagined, only by very long-range statistics.

Among other discussion of causes, that of Dr. Greenwood, on the fertility of college and non-college women, stands out as contributive. On the basis of returns from 481 college women and 153 of their sisters or other relatives we have:

	College	Non-college
Average duration of marriage.....	8.01	9.98
Average size of family.....	1.91	2.15

"The difference," says Dr. Greenwood, "can be entirely accounted for by the differences in age at marriage and duration

of marriage." Questions as to limitation, in these same schedules, brought out the following data:

Limitation—not answered	167
acknowledged	289
denied	188
Limitation method:	
Voluntary restriction	105
Other	78
Limitation reasons:	
Economic	130
Health	90
Doubtful	69

Lady Willoughby de Broke sent out 1,000 schedules to middle-class families, of which 118 were answered: 75 acknowledged limitation, 19 denied it; 37 used voluntary restraint, 33 artificial methods.

Another valuable contribution is Dr. Stevenson's discussion of the continued fall in the fertility rate. He brings his corrected birth rates for England and Wales (see *Journal of the Royal Statistical Society*, March, 1906) down to 1911, concluding that "the decline of fertility is continuing with increasing speed." The corrected rate, which stood at 34.6 in 1881, 32.6 in 1891, and 28.4 in 1903, fell to 24.7 in 1911.

Much interesting matter will be found with regard to the attitude of the various churches. The Episcopal position, set forth by the Lord Bishop of Southwark and by a "Bishop's Memorandum on the Misuse of Marriage" (pp. 389-413), is a curious mixture of crystallized dogmatism and forced recognition of the compelling logic of modern economic and social conditions.

The only witness who gave evidence of seeing the population problem in its larger aspects was J. A. Hobson. His statement (pp. 282-293) is suggestive and well balanced.

The commission rightly gave large space to infant mortality, but unfortunately little or none to the morbidity and mortality rates that accompany a high birth rate. It also devoted some time to the housing question in relation to marriage and size of family.

There is a useful summary of the statistical evidence, but otherwise the work of the commission itself lacks incisiveness. Incidentally, it may be remarked that a large portion of the witnesses were members of the commission, that there seem to have been no representatives of the "middle" and laboring classes on the commission, and that no witnesses from these classes were examined.

Altogether, one lays down the volume with the wish that the appointment of a royal commission had not been forestalled.

A. B. WOLFE.

University of Texas.

Fluctuation of the Populations during the World War. I. Germany and France. Bulletin of the Society for the Study of the Social Consequences of the War, No. 3. (Copenhagen: Selskabet for Social Forsken af Krigens Folger. 1917. Pp. 141.)

This bulletin deserves notice out of proportion to its size, not only because of the interest and importance of its subject, but also because it is the only serious attempt in English, with the exception of Nixon's article in the *Journal of the Royal Statistical Society* for July, 1916, to estimate the vital ravages of the war on the basis of the fragmentary official statistics as yet available. The authors had at their disposal: for France, only certain official returns for Paris and nine or ten towns, covering part of 1916 and meager data for seventy-seven *departements* reaching to only half of 1915; and for Germany, official returns of birth and death rates for towns of over 15,000 population to May, 1916, and data for Saxony to the end of 1915. The losses for France are thus largely a matter of guesswork, while those of Germany for the past year and a half are forecast on the estimated losses of the Empire up to May, 1916. The estimates for France are thus not comparable in value to those for Germany.

The main conclusions for Germany are sufficiently startling despite the fact that they are made with due scientific caution and allowance. The number of living births in 1915 was 23 per cent, and in 1916, 40 per cent less than in 1913 (calendar years). The first twelve months of the war shows a decline of 10 per cent, and the second twelve months a decline of 36 per cent, compared with the year ending July 31, 1914 (towns only). Estimates of three years' losses are as follows:

The number of living births in 1913 was 1,838,750.

LOSS IN NUMBER OF LIVING BIRTHS, COMPARED WITH BIRTHS IN 1913.

	Number	Per cent
May, 1915-May, 1916.....	662,000	36
May, 1916-May, 1917.....	827,400	45
May, 1917-May, 1918.....	992,900	54
Total loss for three years.....	2,482,300	

Allowing for the normal decline in the birth rate in the years preceding the war, the direct effects of three years of war will mean a loss of about 2,380,000 births.

Turning to deaths we find that in 1913 the number for the German Empire was 1,004,950. For three successive calendar years, the estimated numbers, including soldiers, are as follows:

ESTIMATED NUMBER OF DEATHS, COMPARED WITH DEATHS IN 1913.

Year	Number	Increase over 1913	
		Number	Per cent
1914.....	1,235,950	231,000	23
1915.....	1,452,950	448,000	44.5
1916.....	1,330,950	326,000	32

For "war years," the increase was 38 per cent in 1914-15 and 32 per cent in 1915-16. (Data for towns only.) In the towns an excess of births over deaths of 272,000 in 1913 and 200,000 in 1914 is turned into a deficit of 34,000 in 1915. The estimated deficit for the Empire in 1915 is 227,000. Infant mortality shows some increase in 1914, but a decline of 22 per cent in 1915. This, of course, is a decline in the *number* of infant deaths, due to the great fall in the number of births.

The estimated total loss of population, due to increase of deaths and decline of births, is, to the end of 1916, 2,900,000, and for three years of war, 3,700,000. Three years' loss for France is put at 2,200,000.

Data and estimates on causes of death, death by sex and age, and effect of the war on age and sex constitution are given.

It is the authors' opinion—well founded, I believe—that the birth rate will not return to normal after the war.

This bulletin will of course have to be superseded by other studies when the war closes and as soon as more adequate data are available, but in the meantime it is as welcome as its disclosures are appalling. Forthcoming studies on the other chief belligerent countries are promised. The present work must be used with caution, not only because of the uncertainty and incompleteness of the data but also because the arrangement shows signs of the pressure of war time and because the quaint English into which the translator has turned the original German text does not always contribute to clearness.

A. B. WOLFE.

University of Texas.

NEW BOOKS

- BEYER, H. O., compiler. *Population of the Philippine islands in 1916*. English-Spanish edition. (Manila: Philippine Educ. Co. 1917. Pp. 95. \$1.60.)
- HARTLEY, C. G. *Motherhood and the relationships of the sexes*. (London: Eveleigh Nash & Co. 1917. Pp. 396. 7s. 6d.)
- HUMPHREY, S. K. *Mankind: racial values and the racial prospect*. (New York: Scribner. 1918. \$1.50.)
- Census of England and Wales, 1911. General report with appendices*. (London: Wyman. 1917.)
- Occupation and mortality; their relation, as indicated by the mortality returns in the City of New York for 1914*. (Washington: Public Health Service. 1917. Pp. 20.)

Social Problems and Reforms

NEW BOOKS

- ADAMS, T. *Rural planning and development. A study of rural conditions and problems in Canada*. (Ottawa: Commission of Conservation. 1917. Pp. 281.)
- ALEXANDER, M. W. *Cost of health supervision in industry*. Compiled for the Conference Board of Physicians in Industrial Practice. (West Lynn, Mass.: The author. 1917. Pp. 8.)
- ARONOVICI, C. *Housing conditions in the city of Saint Paul*. (St. Paul: Housing Commission of the St. Paul Association. 1917. Pp. 120.)
- A survey covering dwelling conditions of more than 18,000 population. Examines conditions of structure, sanitation, and maintenance of tenements, private dwellings, lodging and rooming houses. Recommendations are careful and in several instances novel. An analysis is submitted of housing laws and ordinances for thirty-one cities or states and is followed by a proposed housing ordinance for the City of St. Paul.
JAMES FORD.
- BAILEY, T. J. *Prohibition in Mississippi; or Anti-liquor legislation from territorial days, with its results in the counties*. (Jackson, Miss.: The author. 1918. Pp. 224.)
- BING, P. C. *The country weekly. A manual for the rural journalist and for students of the country field*. (New York: Appleton. 1917. Pp. x, 347. \$2.)
- Contains readable chapters on the business of publishing a country weekly newspaper. Chapter 10 deals with the business of advertising and contains figures of prices and other commercial data. Chapter 11 treats of cost finding for the country weekly.
- BIRD, C. S., JR., and others. *Town planning for small communities*. National Municipal League series. (New York: Appleton. 1917. Pp. xvii, 492. \$2.)

A considerable number of town-planning reports have been published for small communities in America. Artistic and engineering aspects of planning have been emphasized; social and economic have been largely overlooked. Mr. Bird's volume is valuable because it provides in part I information on matters economic, governmental, and social essential to town planning committees in small towns and provides in part II a detailed account of the application of these principles to Walpole, Massachusetts.

Mr. Bird's thesis is "that the community is the nation's foundation, and that the strength and greatness of a nation are dependent upon the united character of the separate communities upon which it is built." Community organization is the essential means to community development. Town planning is broadly conceived to include not only the arrangement of streets, roads, parks, and industries, but also the increase of community resources, the provision of adequate homes, the development of social life, and the improvement of government. In part I the author draws widely from contemporary English and American sources and submits with each chapter a bibliography and list of addresses from which further information or advice may be drawn. It is thus a sort of scrapbook of material found useful by the Walpole Town Planning Committee, but its materials have been carefully culled and in most cases well interpreted in the text. The chapters on Ways and Means and on Social Life and the Community are not sufficiently comprehensive or critical. The chapter on Housing is the most extensive, and presents some original material. A good many comprehensive tables are submitted illustrating the practices of other cities and towns.

Altogether the book will prove very useful to officials and leading citizens of small cities, towns and villages of America, and most useful in the New England states, as the illustrative material has been largely drawn from that quarter.

JAMES FORD.

BORREL, A. *La lutte contre le chômage avant, pendant et après la guerre.* (Paris: Dunod & Pinat. 1918. Pp. 336. 7.50 fr.)

BREWER, J. M. and KELLEY, R. W. *A selected critical bibliography of vocational guidance.* Harvard bulletin in education, no. IV. (Cambridge: Harvard Univ. 1917. Pp. 76.)

The several parts are entitled General references, Current practices and policies in vocational guidance, Vocational guidance in commerce and industry, Information concerning occupations, and Bibliographies. There is also a chapter outlining a reading course on the subject. Titles are annotated so as to be helpful to the reader.

CARTER, H. *Industrial reconstruction: a symposium on the situation after the war.* (London: King. 1918. 6s.)

DURANT, W. J. *Philosophy and the social problem.* (New York: Macmillan. 1917. Pp. x, 272. \$1.50.)

ELY, HESS, LEITH, and CARVER. *The foundations of national prosper-*

ity. Studies in the conservation of permanent national resources. (New York: Macmillan. 1917. Pp. 378. \$2.)

To be reviewed.

EPSTEIN, A. *The negro migrant in Pittsburgh.* (Pittsburgh, Pa.: Irene Kaufmann Settlement. 1918. 50c.)

FEISS, P. L. *The Cleveland homes company; a plan for housing Cleveland's workers.* (Cleveland, O.: Cleveland Chamber of Commerce. 1917. Pp. 9.)

FORD, G. B. *Building zones. A handbook of restrictions on the height, area, and use of buildings, with especial reference to New York City.* (New York: Lawyers' Mortgage Company. 1917. Pp. 36.)

Gives the text of the building zone resolution of New York City with comments upon each paragraph, illustrative diagrams, statement of the general principles and methods applied in the creation of restrictions and zones and a bibliography. Illustrative maps cover the Bronx and Brooklyn as well as Manhattan. By far the most useful brief statement of the principles and practices of districting in New York City.

J. F.

FORD, G. B. *New York city building zone resolution restricting the height and use of buildings and prescribing the minimum sizes of their yards and courts.* (New York: Title and Mortgage Company. 1917. Pp. 19. \$2.)

Each paragraph of the New York building zone resolution is followed by an explanatory note prepared by the expert to the Commission on Building Districts and Restrictions. Diagrams illustrate height and area restrictions. Maps show height and area districting of the Borough of Manhattan.

J. F.

FORD, G. B. and WARNER, R. F., editors. *City planning progress in the United States.* (Washington: Journal of the American Institute of Architects. 1917. Pp. 207.)

The report was compiled by a committee on town planning of the American Institute of Architects and is based upon a questionnaire sent to all cities in the United States of over 25,000 inhabitants and to some smaller communities. For each of 230 cities or towns is submitted a statement of past and present city planning projects and achievements. The book has a small classified bibliography, a list of local, state, national, and international city planning institutes, conference and commissions, contains a good brief summary, and has profuse and excellent illustrations.

J. F.

HAMLIN, W. A. *Low-cost cottage construction in America. A study based on the housing collection in the Harvard Social Museum.* (Cambridge: Harvard Univ. 1917. Pp. 30.)

JAMES, H. G. *Municipal functions.* National Municipal League series. (New York: Appleton. 1917. Pp. x, 369. \$2.)

KEEN, W. W. *Medical research and human welfare.* (Boston: Houghton Mifflin. 1917. \$1.25.)

LEEDS, J. B. *The household budget, with a special inquiry into the amount and value of household work.* (Germantown, Philadelphia: The author. 1917. Pp. 246.)

LUNDBERG, E. O. *A social study of mental defectives in New Castle County, Delaware.* Dependent, defective, and delinquent classes series no. 3. Bureau publication no. 24. (Washington: Children's Bureau. 1917. Pp. 38.)

McKELLEN, N. *National conference on housing after the war.* (Manchester, Eng.: Norman McKellen, 27 Brazenose St. 1918. 1s.)

MARQUIS, E. M. *A survey of the extent, financial and social cost of desertion and artificially broken homes, during the year 1915.* (Kansas City, Mo.: Board of Public Welfare. 1917. Pp. 51.)

MORIMOTO, K. *The standard of living in Japan.* Johns Hopkins University studies in historical and political science, XXXVI, 1. (Baltimore: Johns Hopkins Press. 1918. Pp. 150, xii.)

Contains chapters on cost of food, clothing, and housing, and abundant statistical material.

REED, A. Y. *Newsboy service. A study in educational and vocational guidance.* (Yonkers-on-Hudson, N. Y.: World Book Company. 1917. Pp. xxviii, 175. 90c.)

Of the numerous British and American studies dealing with the street trades, this is the first in which they have escaped condemnation. Indeed, the officials of the British juvenile labor exchanges have gone so far as to arrange for intervals between the receiving of applications and the granting of street trading licenses in order that visitors may be sent to persuade young persons and their parents to abandon plans which are declared to be demoralizing. Yet Mrs. Reed finds that her Seattle newsboys are regular in school attendance, without excessive retardation, and creditable in scholarship. She asserts that "the majority of our school newsboys hold themselves decidedly above even the suggestion of immorality" (p. 114), and finds in newsboy service opportunities to acquire valuable business experience, and to learn thrift and perseverance. Seattle is free from saloons and other cities might do well to copy the superior organization and supervision of her news service; but even after making allowance for these favoring factors, the confidence inspired by Mrs. Reed's excellent research work will not be sufficient to overcome the skepticism of social workers in older communities. Most of us will be disposed to prefer the verdict of her very superior newsboys the majority of whom, "had they any choice in the matter, would not allow younger brothers to sell."

LUCILE EAVES.

STELZLE, C. *Liquor and labor; a survey of the industrial aspects of the liquor problem in New Jersey.* (Newark: Anti-saloon League of New Jersey. 1917. Pp. 39.)

USBORNE, H. M. *Women's work in war time. A handbook of employments.* (London: T. Werner Laurie. 1917. Pp. ix, 174. 2s.)

WALDO, F. L. *Good housing that pays; a study of the aims and the accomplishment of the Octavia Hill Association, 1896-1917.* (Philadelphia: Harper Press. 1917. Pp. 126.)

WEBB, B. *Health of working girls.* (London: Blackie & Sons. 1918. Pp. 105. 2s. 6d.)

WHITE, W. C. and HEATH, L. J. *A new basis for social progress.* (Boston: Houghton Mifflin. 1917. Pp. 229. \$1.25.)

WINSLOW, C. E. A., GREENWAY, J. C., and GREENBERG, D. *Health survey of New Haven.* A report presented to the Civic Federation of New Haven. (New Haven, Conn.: Yale University Press. 1918. Pp. 114.)

Commission on building districts and restrictions. Final report, June 2, 1916. (New York: Board of Estimate and Apportionment, Committee on the City Plan. 1916. Pp. vi, 299.)

The last and most valuable of a series of reports; and the most significant single document on districting issued in this country. It shows in detail the need of districting, defending it on grounds of health and safety; shows the kinds of surveys and maps on which New York zones are based; and gives the final building zone resolutions of New York with diagrams explaining them. There are admirable illustrations and maps.

J. F.

Facilities for children's play in the District of Columbia. Miscellaneous series no. 8. Bureau publication no. 22. (Washington: Children's Bureau. 1917. Pp. 72.)

The food of working women in Boston. An investigation by the Department of Research, Women's Educational and Industrial Union, Boston. Studies in the economic relations of women, vol. X. Prepared under the direction of LUCILE EAVES in coöperation with the State Department of Health. (Boston: Massachusetts Department of Health. 1917. Pp. 213. \$1.)

This statistical monograph of 200 pages, undertaken in Boston where the cost of living was greater than in any other of the eight largest cities of the United States, deals with the kind and cost of food of 261 women workers living alone; and of 1,946 others living in subsidized and coöperative homes and in large boarding houses. One fourth of the workers received food as part of their wages and the noon luncheon therefore, was studied in much detail, in the principal factory and shopping district. Foreign women, who preponderated in the low-wage, short-noon-hour statistical groups, were accustomed to bring their lunches from home; while piece workers and power-machine operators seldom or never left the factory at noon. In the department stores the cafeteria appeared to supply working women "with the food and relaxation which is satisfactory both to the employers and employees"; and the final conclusion reached by the investigator is that in this group "employers are bidding high for labor and efficiency."

The chapter on the food of women living away from their families

—a class comprising in the largest cities, from one sixth to one fourth of all women workers over sixteen years of age—affords a vivid picture of the difficulties and petty makeshifts of thousands of wage earners who have a very small sum to spend for food, little knowledge of nutritive values, generally slight skill in cookery and very limited time and strength to expend in preparation of meals. Whatever the wage, none spent more than \$4.70 per week for food. Of the 52 persons receiving less than \$8 weekly, 11 spent less than \$2 and 41 less than \$2.50 for food; from which the investigator concludes that “wages of less than eight dollars do not warrant an expenditure large enough to insure a really satisfying diet.” One half the group spent less than \$3.50 per week but the report concludes nevertheless that “the food was adequate” and that “they evolved a real standard of living suited to their needs.”

The study of the 1,946 women living in organized houses where board and room could be had for \$6 does not attempt to account for the fact that few of the houses were used to capacity and the advantage they seem to offer was apparently not attractive to any great number of women. A still different aspect of the problem is exhibited in a study of 126 dispensary cases, in which general low standards of living, the strain of industry and the too short periods of leisure, in combination with unwise selection of food, had undermined the health of the workers.

In the final summary Dr. Eaves says frankly that this investigation “produced no direct evidence that the health or efficiency of Boston working women is suffering seriously because of insufficient or unwisely selected food.” She urges the necessity of teaching women how to feed themselves and how to keep their physical efficiency, as being of equal importance with preventive legislation on their behalf; the provision of a warm noon meal and rest and recreation facilities to increase efficiency; and a wider recognition of the permanence of the problem of maintaining a proper standard for women workers.

A digest review permits no more than the briefest mention of the wide range of comparative figures which have been used in the tables; and of the care with which conclusions have been drawn; but it should call attention, as of peculiar value, to the economic and housewifely wisdom with which the whole report is permeated. Accepting its obvious limitations, the thoroughness and sanity with which the study has been made, make it worthy of the fine traditions of the Industrial Union.

MARY ROBERTS COOLIDGE.

Housing problems in America. Proceedings of the sixth national conference on housing, Chicago, October 15-17, 1917. (New York: National Housing Association. 1917. Pp. 462.)

Report on the physical welfare of mothers and children: England and Wales. (London: Carnegie United Kingdom Trust. 1917. Pp. 427, 190, illus.)

Report on an experiment made in Los Angeles in the summer of 1917 for the Americanization of foreign-born women. (Sacramento: California Commission of Immigration and Housing. 1917. Pp. 24.)

Second biennial report of the Industrial Welfare Commission, 1915-1916. (Sacramento, California. 1917. Pp. 276.)

Insurance and Pensions

Liability and Compensation Insurance. Industrial Accidents and their Prevention, Employers' Liability, Workmen's Compensation, Insurance of Employers' Liability and Workmen's Compensation. By RALPH H. BLANCHARD. (New York: D. Appleton and Company. 1917. Pp. xii, 394. \$2.00.)

Strange indeed it is that our eagerly productive economists should have left us so long without any volume on workmen's compensation. But here, at last, comes something which will do much toward satisfying an unmistakable want. It is in the subtitle that the scope of Mr. Blanchard's book is indicated. It is not best viewed as a discussion of liability and compensation insurance; for to that subject less than half of its pages are devoted. It is rather a discussion of workmen's compensation, with an historical introduction and with some special stress upon compensation insurance. And thus understood, the volume has many merits. Except, perhaps, for some defects of proportion, or balance, it might be recommended as an ideal help for the many who need to be told briefly just what workmen's compensation means in the industrial world.

Definite and trustworthy statements there are as to the numbers of industrial accidents and their varied unhappy consequences, the methods and results of campaigns for safety, the nature and defects of the old liability laws, the economic and legal theory of workmen's compensation, the historical development of compensation systems in the world and within the United States, the scope and provisions of American statutes, the different methods of providing compensation insurance, the principles and formulae for the calculation of premium rates and the establishment of reserves, and other less important but relevant topics. Two appendices contain, respectively, the admirably annotated edition of the New York compensation law, as issued by the Industrial Commission in 1916, and a standard policy of workmen's compensation insurance.

That certainly is a well chosen and well ordered selection of

topics. And the manner of treatment and exposition is generally excellent. The author's broad and sympathetic understanding of his subject is manifest throughout. He draws and presents his generalizations—valid ones, too—sharply and briefly, without confusing cumulations of figures. The instances of important fact and principle clearly grasped and clearly stated are too many to be listed. The genuine and high merits of the book are not to be questioned. In fact, it is unique. There is nothing else which goes so far toward filling the void strangely left by American economists.

Perfection, of course, is not to be claimed for the book. Even the most kindly of critics must note a considerable number of imperfections. Perhaps most of these have resulted from an effort after the greatest possible brevity. For it is far from easy to bring so much within the short space of the 284 small pages which make up the body of the book. Be that as it may: there are several particulars in which improvements might be made, with or without an enlargement of the volume.

The showing of haste and crudity in the early rate making for compensation insurance might well be followed by some statements or suggestions as to the consequences of this grand guessing for the insurers and the insured. There well might be something as to the competitive methods—good and evil—of rival insurers, both within and among the classes, stock, mutual, and state. The ordinary reader will receive an unfortunate impression that present American compensation statutes cover a good part of industrial injuries. General laws of mathematical probability might be taken for granted in a brief and special discussion of insurance. There is too much—in view of the brevity of the volume—of exposition and discussion about employers' liability and its defects and about the general legal, economic, and moral excellence of workmen's compensation. Nor does either the specialist in workmen's compensation or the practical man of affairs need so much about the development of workmen's compensation systems, from Prussia in 1838 to Kentucky in 1916. The former already knows; the latter does not care. Having mentioned inter-insurance exchanges (p. 175), the author has nothing further to say about them or their functions.

Whether it is to be reckoned a defect or not, at least it should be remarked that Mr. Blanchard develops more the technical side of his subject than the social side. Especially is this true in the

discussion of insurance. Here there is much about mathematical and actuarial problems but only a little about social problems.

The author's inconclusiveness, or avoidance of conclusions in controversial matters, which he apparently considers a virtue in his book (p. vi), he has not always preserved (*e.g.*, pp. 111, 114, 127). And it would have been better if he had fallen still oftener from his ideal. It boots little briefly to enumerate contradictory claims (183, 184) and give never a hint as to their respective validity. Without approaching dogmatic assertiveness a qualified writer—such as Mr. Blanchard unmistakably is—might declare his own best judgment, even on warmly controverted questions, preserving always a clear distinction between assertions as of fact and expressions of opinion. Indeed, a scholar whose personal judgment on problems he has studied is not worth printing is, perhaps, scarcely qualified to become a writer at all.

And, if this be so, the most serious fault of the present treatise is its destitution of really penetrating criticism of any particular phase or problem of workmen's compensation. The author is altogether too chary of expressing his judgment on unsettled questions. For example, the reader will find a full enumeration of all the pros and cons of stock company insurance, mutual insurance, and state insurance. But he will look in vain for even a hint as to what the teaching of experience appears to be.

WILLARD C. FISHER.

New York University.

NEW BOOKS

FRANKEL, L. K. and DUBLIN, L. I. *Sickness survey of principal cities in Pennsylvania and West Virginia.* (New York: Metropolitan Life Insurance Co. 1917. Pp. 78.)

This is the sixth community sickness survey undertaken by the Metropolitan Life Insurance Company, beginning with 1915, and deals with an industrial population engaged in coal mining and the steel and glass industries. The inquiry covers 374,000 persons. The sickness rate is calculated as 19.6 per 1000. This analysis presents tables showing the sickness rate according to principal occupations; the extent of disability, with distinction between white and colored persons; sickness according to age and sex period; sickness according to diseases; medical attendance; and sick benefits received. It is concluded that sickness is responsible for the loss of at least two per cent of effective working time.

MORSE, F. C. *The law of insurance in Texas; a treatise on insurance in Texas, including fire, life, accident and health, fraternal*

benefit, and other branches, together with the statutory law. (Austin, Texas: Southern Law Book Pubs. 1917. Pp. 821. \$7.50.)

PARKER, A. J. *Insurance law of New York, being chapter 28 of the consolidated laws and chapter 33 of 1909, including all amendments of 1917, with notes and annotations.* (New York: Banks Law Pub. Co. 1917. Pp. 474.)

VALGREN, V. N. *The organization and management of a farmers' mutual fire insurance company.* (Washington: U. S. Dept. Agri. 1917. Pp. 34.)

Annual cyclopedia of insurance in the United States, 1917. (Hartford, Conn.: R. B. Caverly. 1917. Pp. 616.)

Compendium of official life insurance reports for the year ending December 31, 1916. Twenty-ninth annual edition. (New York: Spectator Co. 1917. Pp. 166. \$3.)

Fire insurance in New England for ten years, December 31, 1907-December 31, 1916, inclusive. (Boston: Standard Pub. Co. 1917. Pp. 247. \$5.)

Fire insurance laws, taxes and fees, containing a digest of the statutory requirements in the United States and Canada relating to fire insurance companies and agents; also a compilation of county and municipal taxes and fees. Seventeenth annual edition, revised to September 1, 1917. (New York: Spectator Co. 1917. Pp. 528. \$5.)

Fifty-eighth annual report of the superintendent of the state of New York. Part V. (Albany. 1917. Pp. 745.)

Proceedings of the fourth conference of industrial physicians held at Harrisburg, February 16, 1917. (Harrisburg, Pa.: Dept. Labor & Industry. Pp. 49.)

Contains papers on "Workmen's compensation law of Pennsylvania from the physicians' viewpoint" by W. L. Estes and "Compensation for industrial diseases," by Frederick L. Hoffman.

Record of business in each of the states and territories of the United States and the Dominion of Canada by the joint stock fire insurance companies in 1916. (New York: Underwriter Prtg. & Pub. Co. 1917. Pp. 146. \$20.)

A summary of existing laws on old age pension systems and a bibliography. The constitutional convention, 1917, bulletin no. 5. (Boston: Commission to Compile Information and Data for the Use of the Constitutional Convention. 1917. Pp. 20.)

Textbook of life insurance, being the first post-graduate course of the Pacific mutual school for salesmen. (Los Angeles: Pacific Mutual Life Ins. Co. of California. 1917. Pp. 176.)

Pauperism, Charities, and Relief Measures

NEW BOOKS

DEACON, J. B. *Disasters. And the American Red Cross in disaster relief.* Social work series. (New York: Russell Sage Foundation. 1918. Pp. 230. 75c.)

Contains chapters on disasters at sea; coal mine disasters; floods; fires; tornadoes; and principles of disaster relief.

HURRY, J. B. *Poverty and its vicious circles.* (London: Churchill; Philadelphia: P. Blakiston's Son & Co. 1917. Pp. 180. \$2.)

Annual report of the Social Service Commission, July 1, 1916-July 1, 1917. (Los Angeles: The Commission. 1917. Pp. 61.)

Humanizing the greater city's charity. The work of the Department of Public Charities of the City of New York. (New York: Public Welfare Committee. 1917. Pp. 144.)

Financial federations. The report of a special committee. (New York: American Association for Organizing Charity. 1917. Pp. 285. \$1.)

Socialism and Co-operative Enterprises

Municipal Ownership. By CARL D. THOMPSON. (New York: B. W. Huebsch. 1917. Pp. xi, 114. \$1.00.)

This volume presents in simple, popular, and extreme form the stock arguments for public ownership, while completely ignoring all arguments, considerations, or facts, tending to discredit it.

The first chapter, on The Extent and Growth of Municipal Ownership, is perhaps the best, assembling as it does in brief compass the most recent facts available regarding the extent of municipal ownership in the United States, Canada, England, and Germany. As the result of this survey, the author concludes: "It [municipal ownership] has been put to the test of practical experience throughout the world and for a period of a half century, in every conceivable form and under every possible condition. It has stood the test, has won its way, and is more widespread and prevalent today than ever. The weight of the world's experience with ever-increasing emphasis has gone over to the side of municipal ownership." This conclusion seems too broad and sweeping, in view of the abandoned experiments in municipal ownership.

The chapter on The Case against Private Ownership contends that private ownership inevitably produces excessive rates, poor service, bad labor conditions, over-capitalization, enormous private profits, concentration of wealth, and corruption in politics. This

chapter would be far more convincing if it had been published before the era of state regulation. But many of the arguments lose their force now. Indeed, many of the evils described are the very ones which effective regulation seeks to prevent. Many of the statistics quoted, for example those comparing the rates charged by public and private plants, date back to the period prior to state regulation. A more fair comparison would be the rates now charged by municipally owned plants with those now charged by private plants, under similar operating conditions but under efficient regulation; or a comparison of the costs of operation (including interest) of public and private plants, if the purpose is to throw light upon operating efficiency.

The chapter on The Failure of Regulation minimizes the results achieved by regulatory bodies in the United States. The chief criticism seems to be that these boards and commissions, in some cases, have permitted advances in rates, and that regulation has effectively blocked municipal ownership. Every careful student of the question must admit the disappointments of regulation, and the failure of many regulatory bodies to measure up to their opportunities. But it cannot be doubted that, upon the whole, much has been achieved by these bodies. The author completely fails to make a fair appraisal of the results accomplished by these agencies.

Great emphasis is placed, throughout, upon the advantages which will accrue to labor from the policy of municipalization, in the form of better wages and hours. Indeed, it is apparent that the volume is intended to make a special appeal to the wage-earning class. The following statement speaks for itself: "In their official organ, *The Electrical Worker* . . . they . . . [the electrical workers] show that municipal ownership could be made to yield \$2300 per employee a year, in higher wages and better conditions" (p. 104).

The final count against private ownership is the alleged fact that it constitutes everywhere an evil influence in politics, but the possibilities of the misuse of political power under municipal ownership are completely ignored.

The municipal ownership advocate seeking arguments to justify his position may find this volume of some assistance, but the open-minded student seeking the truth regarding the merits of public and private ownership will find it of little value.

RALPH E. HEILMAN.

Northwestern University.

NEW BOOKS

BATDORF, J. W. *Menace of the I. W. W.* (New York: Anti-Socialist Press. 1917. Pp. 32. 10c.)

MACDONALD, J. R. *Socialism after the war.* (London: National Labor Press. 1918. Pp. 80. 1s.)

SMITH-GORDON, L. *History of the coöperative movement in Ireland.* (London: King. 1917. 7s. 6d.)

General rules for a coöperative society. (Kalamazoo, Mich.: Kalamazoo Coöperative Society. 1917. Pp. 43.)

Statistics and Its Methods

NEW BOOKS

BAILEY, W. B. and CUMMINGS, J. *Statistics.* (Chicago: McClurg. 1917. Pp. 153. 60c.)

To be reviewed.

COPELAND, M. T., editor. *Business statistics.* Harvard business studies. vol. III. (Cambridge: Harvard University Press. 1917. Pp. xii, 696. \$3.75.)

Though an independent and original discussion and analysis of this subject is greatly needed, this compilation of articles is serviceable. Dr. Copeland defines business statistics as "numerical statements of facts, exclusive of financial accounts, which are used in business administration. These statistics are of two general classes: (1) external statistics, generally publicly available, which indicate the general trend of business and market conditions, and (2) internal statistics, which are concerned with the private operations of an individual business establishment." The purpose and value of the volume is best shown by an enumeration of some of the titles of articles reprinted: Statistical methods, by the editor; Statistical units, by G. P. Watkins; Index numbers, by Wesley C. Mitchell; Statistical indices of business conditions, by the editor; Current theory concerning business cycles, by Wesley C. Mitchell; Government crop reports, by the Bureau of Crop Estimates, U. S. Department of Agriculture; Current sources of information in produce markets, by Bruce D. Mudgett. Under Sales and Advertising Statistics are: Considerations of the market, by A. W. Shaw; Why and how a manufacturer should make trade investigations, by C. C. Parlin; Finding the facts that count, by F. G. Fredericks and F. M. Feiker; Guiding salesmen by map and tack, by W. A. Waterbury; Graphs for the sales manager, by Stanley C. Tarrant; Advertising and sales department records, by Edward S. Babcox; Analysis of newspaper circulation, by E. G. Pratt; Record of advertising results, by Thomas P. Comford. And under Factory Statistics are Checking losses in the storeroom, by Wilford G. Astle; The perpetual inventory in practical stores operation, by J. B. Green; The automatic rating of workmen; Hiring and firing, by Magnus W. Alexander; A graphical daily balance in manufacture, by H. L. Gantt; Use of

production charts in a machine shop, by E. H. Schell; and Methods of cost finding in cotton mills, by William G. Nichols. Under Statistics for the Chief Executive are: Statistical reports of the Utah Consolidated Mining Company, by W. H. Charlton; Railway accounts and statistics, by A. A. Goodechild; Costs and results, by William J. Cunningham; Statistical units used in analysis of electric railway accounts, by James A. Emery; and The function of statistics in the telephone business, by Walter S. Gifford.

DUNCAN, B. S. and DUKE, E. *Infant mortality. Result of a field study in Manchester, N. H., based on births in one year.* Infant mortality series no. 6. Bureau publication no. 20. (Washington: Children's Bureau. 1917. Pp. 134.)

ELBERTON, W. P. *Frequency curves and correlation.* (London: Institute of Actuaries. 1918. 1s. 6d.)

MOORE, H. L. *Forecasting the yield and the price of cotton.* (New York: Macmillan. 1917. Pp. vi, 173. \$2.50.)
To be reviewed.

SECRIST, H. *An introduction to statistical methods.* (New York: Macmillan. Pp. viii, 482. \$2.)
To be reviewed.

WARNE, F. J. *Elementary course in chartography. Twenty lessons—seventy charts.* (Washington: The author, Southern Bldg. 1917.)

WARNE, F. J. *Warne's book of charts; a special feature of Warne's elementary course in chartography.* (Washington: The author, Southern Bldg. 1917. 100 charts. \$10.)

This series of sheets, twelve by sixteen inches, constitute lessons for those who wish to learn the art of graphic chart making. Instruction is carefully given in topical form with full directions as to the kind of paper to use, determination of scales, arrangement of tables, and the merits of the different kinds of diagrams. There is little extended discussion in regard to the application of charts to different kinds of business or statistical problems such as are found in Brinton's *Graphic Methods for Presenting Facts*. Greater emphasis is laid upon the technical processes involved. The author is not insistent upon his own methods, but is definite on all the essential points and gives reasons for the variations of practice. Defective charts are included in the criticisms. Dr. Warne directs the student's attention to the need of understanding statistical interpretation, as, for example, the use of percentage, ratio, and average. For extensive use the price of the series is prohibitive for many. The author would do a useful service in publishing his instructions in a cheaper form, accessible to a larger number of students and draftsmen.

WOODWARD, F. E. *A graphic survey of book publication, 1890-1916.* (Washington: Bureau of Education. 1917. Pp. 26.)

Agricultural statistics of Ireland with detailed report for the year

1915. Department of Agriculture and Technical Instruction for Ireland. (Dublin: His Majesty's Stationery Office. 1917. Pp. 111.)

Birth statistics for the registration area of the United States, 1915. First annual report. Bureau of the Census. (Washington: Supt. Docs. 1917. 20c.)

Financial statistics of cities having a population of over 30,000, 1916. (Washington: Supt. Docs. 1917. Pp. 375.)

General statistics of cities: 1916. Including statistics of parks, playgrounds, museums and art galleries, zoölogical collections, music and entertainments, swimming pools and bathing beaches, and other features of the recreation service. (Washington: Bureau of the Census. 1917. Pp. 88.)

Statistics as to education, hospitals and charities, and law and crime, for the year 1915. Social statistics bulletin no. 9. (Melbourne: Commonwealth Bureau of Census and Statistics. 1917. Pp. 84.)

Summary of Commonwealth production statistics for the years 1905-6 to 1915-6. Production bulletin no. 10. (Melbourne: Commonwealth Bureau of Census and Statistics. 1917. Pp. 168.)

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

From the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce the following publications have been received:

In the Special Agents Series:

- No. 146, *Markets for Agricultural Implements and Machinery in South Africa* (pp. 231), by Juan Homs.
- No. 147, *Electrical Goods in New Zealand* (pp. 47), by R. A. Lindquist.
- No. 148, *South American Markets for Dried Fruits* (pp. 35), by Walter Fischer.
- No. 149, *Cotton Goods in British India. Part IV, Bombay Presidency* (pp. 132), by Ralph M. Odell.
- No. 150, *Commercial Laws of Switzerland* (pp. 52), by Archibald J. Wolfe, supplemented and revised by Robert P. Shick and Phanor James Eder.
- No. 151, *Shoe and Leather Trade in New Zealand* (pp. 31), by C. E. Bosworth.
- No. 152, *Market for Boots and Shoes in Peru* (pp. 89), by Herman G. Brock.
- No. 153, *Chilean Market for Paper, Paper Products, and Printing Machinery* (pp. 72), by Robert S. Barrett.

In the Miscellaneous Series: No. 62, *Argentine Market for Motor Vehicles* ((pp. 27), by David Beecroft.

In the Tariff Series: No. 36, *Customs Tariff of Chile* (pp. 104), by L. Domeratzky.

And Special Consular Reports: No. 78, *East African Markets for Hardware and Agricultural Implements* (pp. 27), by Henry P. Starrett.

The Bureau of the Census has published additional bulletins on manufactures, pertaining to the census of 1914: Brass, Bronze, and Copper Products (pp. 11); The Manufacture of Gas (pp. 25); Cast-Iron Pipe (pp. 7); Iron and Steel (pp. 16); and Miscellaneous Textiles (pp. 27).

The Food Administration at Washington is issuing a series of pamphlets some of which present data of permanent interest.

In connection with the work of the Food Administration is to be

noted *Policies and Plan of Operation* (Washington, Oct. 19, 1917, pp. 42). This contains summaries relating to the marketing of the 1916 wheat harvest, the world's supply for 1917, determination of a fair price, and organization of government wheat buying and the milling trade.

A report drawn up by a committee of the Royal Society at the request of the president of the British board of trade gives a report on *The Food Supply of the United Kingdom* (London, Unwin, 1917, pp. 35). Part I deals with the food supply in the period before the war, 1909-1913; part II with the food supply in 1916; and part III with possible methods of utilizing the available food supply.

The State College of Washington has prepared a typewritten *Bibliography on Food Economy* (Pullman, Nov. 15, 1917, pp. 8).

Among recent publications of the Agricultural Experiment Station of the University of Wisconsin are to be noted: Bulletin 282, *Coöperation in Wisconsin*, by B. H. Hibbard and Asher Hobson (Madison, May, 1917, pp. 44); and Bulletin 285, *Marketing Wisconsin Milk*, by B. H. Hibbard and H. E. Erdman (Dec., 1917, pp. 71). The latter represents a careful analysis, illustrated by diagrams, in which special attention is called to the expensiveness of the present system of milk delivery in cities. The farmer receives about half the price that the final consumer pays. Transportation costs about 7.5 per cent; the expense of delivery is 24 per cent; and of handling at the plant, 18 per cent.

Other pamphlets dealing with the milk question are: *The Cost of Producing Market Milk in 1916-17 on 212 Vermont Farms*, by G. F. E. Story and W. J. Tubbs, published by the Vermont Agricultural Experiment Station (Burlington, Sept., 1917, pp. 24); and *Report on the More Economic Distribution of Milk in the City of Chicago*, by the Committee on Health of the Chicago City Council (Chicago, Municipal Reference Library, 1005 City Hall, Dec., 1917, pp. 15).

The Agricultural Experiment Station of Minnesota reports on two coöperative studies: Bulletin 166, *Coöperative Creameries and Cheese Factories in Minnesota, 1914*, by E. Dana Durand and Frank Robotka (St. Paul, University Farm, Mar., 1917, pp. 53); Bulletin 167, *Coöperative Buying by Farmers' Clubs in Minnesota*, by E. Dana Durand and H. B. Price (June, 1917, pp. 44).

The address of Lewis E. Pierson before the Southern Commercial Congress, October 16, 1917, on *The Financial Aspect of Cotton*, has been reprinted by the Irving National Bank (New York, pp. 26).

Swift and Company has published its *Reply to Questions Submitted July 23, 1917, by the Federal Trade Commission* (Chicago, pp. 35). This contains statistical analysis tending to show the decrease in supply of meat products. Diagrams illustrate cattle costs, beef prices, and cattle receipts.

The California State Council of Defense has issued an exhaustive *Report of the Committee on Petroleum* (Sacramento, 1917, pp. 191). Maps deal with the world petroleum situation and then more particularly with the supplies of California, giving special consideration to its transportation, refining, utilization, and conservation. There are some 40 diagrams illustrating the numerous statistical tables.

The American Sugar Refining Company has printed a pamphlet, prepared by Joseph E. Freeman, secretary of the company, on *Conditions in the Sugar Market, January-October, 1917* (New York, 117 Wall St., pp. 80). It contains helpful charts and maps showing the location of the European beet sugar factories, the movement of sugar from the United States to Europe, and changes in prices.

The United States Shipping Board has issued its *First Annual Report* under date of December 1, 1917 (Washington, pp. 36). It has also printed as a separate *The Shipping Act* (pp. 47), and *Rules of Practice* (pp. 25).

The National Bank of Commerce in New York has prepared a pamphlet on *Trading with the Enemy Act* with the report on the act submitted to the Senate August 15, 1917, by the Senate Committee on Commerce (pp. 70).

The Guaranty Trust Company of New York also has prepared a synopsis of the act followed by the complete text, *Trading with the Enemy* (pp. 67).

The *Hearings* held in September before the House Committee on the Merchant Marine and Fisheries, relating to admission of foreign shipping to the coastwise trade, have been printed (pp. 123).

Corporations

APPRAISAL OF A PUBLIC UTILITY. The reasonableness of water rates fixed by the city of San Francisco for the years 1907-1908 to 1914-1915 inclusive is the subject of a *Report of H. M. Wright, Standing Master in Chancery, and Supplemental Report. In the District Court of the United States, Northern District of California, Second Division. Spring Valley Water Company vs. City and County of San*

Francisco et al. (pp. 274, ix). The valuation of the property entitled to a return was determined for each year, and then the net return realized was calculated both according to the rates fixed by the city and those actually charged by the company. The master's conclusion was that the rates fixed by the city were confiscatory and the actual rates charged by the company were not unreasonable, and that the moneys impounded by the court, representing the difference between the actual rates and those fixed by the city, should be returned to the company. The report covers 283 pages and it is a comprehensive, detailed, and painstaking analysis of the facts. It includes many interesting discussions of principles and procedure, and should have considerable interest to students of public utility regulation.

While careful consideration was shown for both sides of the litigation, there is good reason for dissenting from the master's conclusion in several important matters of principle. Reference should be made especially to the following: (1) In making the physical appraisal the master seems to have relied altogether upon reproduction cost factors accepting absolutely that it is reproduction cost (with deduction for depreciation) on which investors are entitled to a return. (2) He allowed a substantial sum for going value, following the earlier decisions of the Supreme Court of the United States; and presenting a strained explanation of the more recent decisions. The truth seems to be that in the earlier cases, the Supreme Court was fully impressed by the companies' claims for going value in addition to the physical appraisal and overhead costs, while in the more recent cases, it has not felt so certain of the reasonableness of its earlier views. (3) The master allowed in operating expenses each year the fully accrued depreciation, but in addition included also considerable renewals—on the ground that the depreciation method had not been used long enough to provide an adequate fund for the renewals in question. There is obviously a duplication of charges, which should not be placed on the consumer merely because of a change in accounting policy; if the reserve was inadequate, the renewals should have been charged to surplus and not to operating expenses.

JOHN BAUER.

Princeton University.

THE SPECIAL REPORT OF THE INTERSTATE COMMERCE COMMISSION (Dec., 1917, pp. 7), when compared with events of the last ten years presents an interesting cycle in one phase of railway regulation. The annual reports of the commission for 1906 and 1907 and in 1916 and 1917 read very much alike so far as inadequacy of transportation

facilities is concerned (*Annual Report*, 1906, pp. 16-18; 1907, pp. 8-9; 1916, pp. 67-74; 1917, pp. 61-68). A special investigation (evidence in Sen. Doc. No. 233, 59 Cong., 2 Sess., pp. 1-275; Sen. Doc. No. 333, 59 Cong., 2 Sess., pp. 1-503) by the commission in 1906 revealed a very serious situation, but unfortunately no recommendation was made to Congress for legislation at that time (12 I. C. C. 561). In November, 1916, in response to many complaints from all parts of the country the commission made another investigation of inadequate transportation facilities. (Evidence in Car Supply Investigation No. 9284, House Doc. No. 2116, 64 Cong., 2 Sess., pp. 1-54.) Even while this investigation was in progress the commission deemed it necessary to exercise authority over railway service although but four of the seven commissioners believed the commission had such power. Finally in its report to Congress in 1916 the commission was ready to make definite recommendations. It asked for authority to control the movement, distribution, exchange, interchange, and return of equipment used in interstate commerce. This power was finally granted in the Esch-Pomerene law approved May 29, 1917. (Much valuable evidence in House Hearings on H. R. 19546, H. R. 20256, and H. R. 20352, Feb. 1, 9, and 13, 1917, pp. 1-94; House Rep. No. 18, 65 Cong., 1 Sess., pp. 1-16; and Senate Hearings on S. 636, May 3, 1917, pp. 1-54.) Under the provisions of this law the commission organized a division (now bureau) of car service to administer the law. In its annual report for 1917 (p. 67) the commission commented upon the work of this bureau and took a rather hopeful view of the transportation situation. But when Congress met, the commission laid before it a *Special Report* (House Doc. 503, 65 Cong., 2 Sess.) in which a very different view of the transportation situation is presented.

The majority opinion of this report recommended that unification of the carriers be provided in lawful manner by suspending for the period of the war "the operation of the anti-trust laws, except in respect of consolidation or mergers of parallel and competing lines, . . . and of the anti-pooling provision of section 5" of the act to regulate commerce; that in addition carriers "should be provided from the government treasury with financial assistance in the form of loans or advances for capital purposes in such amounts, on such conditions, and under such supervision of expenditure as may be determined by appropriate authority"; that as a "necessary concomitant the regulation of security issues of common carriers in interstate commerce should be vested in some appropriate body." The majority report presented as an alternative that the President might operate the railroads during the period of the war.

To this majority report Commissioner McChord, who had conducted the commission's investigation in November, 1916, dissented. He believed that if the President would exercise the power given to him under the act approved August 29, 1916, to take possession and assume control of the transportation systems, vastly improved transportation conditions could be promptly secured.

In looking back over the ten-year period it is not easy to appreciate why adequate regulation of railway service was not worked out somewhat earlier. Indeed, it appears that so much attention has been given to the charges to be made for railway service that sufficient attention has not been given to the efficiency of that service. (See statement of Commissioner McChord before the National Association of Railway Commissioners, Proc. 1908, p. 15.) Furthermore, in view of conditions even ten years ago (Sen. Docs. No. 233 and 333 cited above) it would appear that our government regulation should have provided a somewhat more constructive program which would have provided more and better transportation facilities.

C. O. RUGGLES.

Ohio State University.

ANNUAL REPORT OF THE INTERSTATE COMMERCE COMMISSION TO CONGRESS. The thirty-first report of the commission (pp. 224), presented as usual to Congress in early December, is the first under the new law which increased the membership from seven to nine and authorized the commission to act through subdivisions. The report in many ways reflects the war conditions of railway operation and also the impending stroke by which the American railway system in late December passed under government control. The commission's report gives considerable space to transportation conditions, and particularly to the problem of car supply, which during 1917 was attacked by Congress, through special legislation on the subject, by the commission itself, through the creation of a car service bureau, and by the railways, through their commission on car service, to which wide powers of action were granted. Problems of rate adjustment and revision continued to be presented to the commission, which during the year 1917 received and filed 167,000 tariff publications proposing some change in rates or ratings. In addition, the commission carried on its usual activities in the way of hearing and adjudicating formal and informal complaints, issuing indictments for violations of the commerce act, and conducting judicial proceedings on matters requiring court action or decision. Safety and accident prevention work proceeded

under the guidance of the bureaus of safety and locomotive inspection. Progress in valuation work is also reported, although hampered by the war.

J. H. PARMELEE.

The Bureau of Railway Economics has prepared a typewritten list of references on the *Relation of British Railways to the European War* (Washington, Dec. 12, 1917, pp. 20).

Two new statements in regard to the federal valuation of railways have been prepared by the Presidents Conference Committee, 737 Commercial Trust Bldg., Philadelphia, under date of November 1 and December 31, 1917.

The hearings before the Senate Committee on Interstate Commerce in regard to *Price Regulation of Steel*, held Sept. 21, 1917, have been printed as a separate (Washington, pp. 70).

A *Memorandum on Depreciation* was filed before the Interstate Commerce Commission in connection with the valuation of the property of the Texas Midland Railroad, prepared by Counsel William A. Glasgow, Jr., and Louis L. G. Benedict. This discusses the theoretical aspects of depreciation (pp. 50).

Labor

The following bulletins have been issued by the Bureau of Labor Statistics of the federal department:

No. 214, *Union Scale of Wages and Hours of Labor, May 15, 1916* (Washington, Sept., 1917, pp. 291). This is the fifth bulletin on this subject, the successive bulletins including data since the year 1907. It is noted that organized labor reached wages higher in 1916 than in any preceding year. This increase, however, was not as great as the advance in retail prices of food in 1916, the latter being 12 per cent as compared with 4 per cent in wages. The data are based upon reports from 48 cities in 32 states.

No. 216, *Accidents and Accident Prevention in Machine Building* (Aug., 1917, pp. 117). A statistical innovation is made in this investigation showing the seriousness of accidents by what is called "severity rates." "Assume that a plant employing 1,000 300-day workers during the course of a year had 2,000 accidents, and that the total time lost by the men injured was 5,000 working days; the accident frequency rate for the year would be 200 per 1,000 workers;

the severity rate would be 5,000 days lost per 1,000 workers, or more conveniently expressed, an average of 5 days per individual worker." A fatal injury is reckoned as equivalent to the loss of 30 years working time, 9,000 days. Other injuries are credited with lower time losses. The number of accidents occurring during the year 1912 was 13,647 resulting in 37 deaths, 411 permanent injuries, and 13,199 temporary disabilities. This is equivalent to an accident frequency rate of 118 per 1,000 full-time workers or a severity rate of 5.6 days loss per worker. It is shown that the plants not having a good safety organization have accident frequency rates three or four times as high as those having a well developed system. This study contains valuable material for those interested in the subject of accident insurance. A table on page 21 summarizes comparative time allowances for specified disabilities under the laws of the various states. The report as a whole is based upon accident data for the year 1912 obtained from 194 machine-building plants employing a total of nearly 116,000 workers. There are useful charts and photographs.

No. 218, *Wages and Hours of Labor in the Iron and Steel Industry: 1907 to 1915. With a Glossary of Occupations* (Oct., 1917, pp. 526). This continues studies previously appearing in Bulletins 154 and 168. Evidence is given in regard to the reduction from 7-day work to 6 days per week. Special attention should be directed to the glossary which will be helpful in understanding the various processes of this industry.

No. 221, *Decisions of Courts Affecting Labor: 1916* (Sept., 1917, pp. 358). Fifty pages are given to an analysis and review of the decisions, followed by generous abstracts. Among the more important decisions are those of the Supreme Court on the Adamson eight-hour law for trainmen, the constitutionality of the workmen's compensation laws, and the Oregon ten-hour day for factory employees.

A valuable document, though brief, is the *Fifth Annual Report of the Chief, Children's Bureau* of the federal Department of Labor for the year ended June 30, 1917 (Washington, 1917, pp. 50). This contains comment on the recent federal child labor act. A summarized statement is given of the field studies in 8 cities in regard to infant mortality with particular reference to the income of fathers. It appears that one fourth of all the fathers in the cities covered earned less than \$550 a year. The death rate for their babies was 162.5 or 1 in every 6. About one eighth of all the fathers earned \$1250 or more; and the death rate for their babies was 62.5 or 1 in 16. A summary is given of the recent legislation on soldiers' compensation

and insurance with particular reference to the benefits for children. And there is a summary of the recent work in Canada, Australia, and New Zealand for protecting the standards of labor for children.

The *Fourth Annual Report of the State Board of Labor and Industries* of Massachusetts (Boston, 1917, pp. 197) contains reports on the hotel and restaurant investigation (pp. 27-40), on occupational diseases (pp. 65-104), and on the cutlery industry, the hat industry, and minors in the tobacco industry.

The work of women in connection with war demands receives attention in three pamphlets:

The National Industrial Conference Board (15 Beacon St., Boston) has prepared an *Analysis of British Wartime Reports on Hours of Work as Related to Output and Fatigue* (No. 2, Nov., 1917, pp. 57). This is an exceptionally conscientious and detailed piece of work analyzing the reports made by the Health of Munition Workers Committee of England; and the material has been presented in a form which makes it immediately available.

The Textile Department of the Merchants National Bank (28 State St., Boston) has issued a pamphlet prepared by W. Irving Bullard, manager of the Textile Department of the bank, on *Women's Work in War Time* (pp. 85). This gives special attention to the replacement of men by women in different industries, showing the particular departments which they enter.

And the Merchants' Association of New York has presented a report, prepared by Alfred L. Smith, manager of its Industrial Bureau, on *Increased Employment of Women in Industry* with particular reference to American conditions. Among the topics discussed are the extent to which women are being substituted for men, probability of increased substitution, type of work satisfactorily performed by women, wages usually paid to women, the difficulty of determining relative efficiency of male and female workers, and the problems arising from the substitution of female labor.

Another recent publication of the Merchants' Association is *Readjustment and Operation of Industry in England since 1914* (Nov., 1917, pp. 28), which is a report of five conferences between employers and representatives of the British Ministry of Munitions.

The *Report of the Department of Labor* of New Jersey for 1916 (Trenton, pp. 109) devotes some 40 pages to sanitary standards for the chemical trades.

Further reports dealing with labor are:

Bulletin No. 528 of the United States Department of Agriculture, *Seasonal Distribution of Farm Labor in Chester County, Pa.*, by George A. Billings (Washington, April, 1917, pp. 29).

Labor Laws of the State of California, 1917 (Bureau of Labor Statistics, San Francisco, 1917, pp. 268).

Findings and Award in The United Mine Workers of America, District No. 15, Employes of the Colorado Fuel and Iron Company vs. The Colorado Fuel Company (Denver, Industrial Commission of Colorado, 1917, pp. 25).

Copy of Child Labor Law, State of Illinois (Chicago, Illinois Department of Labor, Division of Factory Inspection, 608 S. Dearborn St., 1917, pp. 18).

Eighteenth Annual Report of the Bureau of Labor Statistics of the Illinois Free Employment Offices and the Supervision of Private Employment Agencies for the Year Ending September 30, 1916 (Springfield, 1917, pp. 73).

Thirty-fourth Annual Report of the Department of Labor of the State of Michigan (Lansing, 1917, pp. 627).

Annual Report of the Industrial Commission, State of New York (Albany, April, 1917, pp. 236).

Twenty-third Annual Report of Factory Inspection made to the General Assembly at its January Session, 1917 (Providence, R. I., 1917, pp. 98).

Twentieth Annual Report of the Bureau of Labor and Industrial Statistics of the State of Virginia, 1917 (Richmond, 1917, pp. 154).

Money, Prices, Credit, and Banking

WHOLESALE PRICES IN CANADA. *The Seventh Annual Report on Wholesale Prices in Canada* (Ottawa, 1917, pp. 295) brings the Canadian price data, index numbers, and discussion down to December, 1916. The report is divided into six parts.

I. Review of Wholesale Prices in Canada, 1916 (pp. 1-109). This is a verbal discussion illustrated by tables and charts. Section I (pp. 1-25) contains a general summary, particularly for the years 1914, 1915, and 1916, of the facts and causes of the recent rise in wholesale and retail prices, of the conditions of Canadian industry, commerce, and finance, and a comparison of the recent movement of Canadian prices with price movements in other countries. Section II (pp. 26-33) contains a comparison of the regular Canadian Department of

Labor index number for wholesale prices annually 1890-1916 (an unweighted simple arithmetic average, base 1890-1899) with a weighted number for the same years (group weights). This section also contains a summary discussion of price movements by groups and by individual commodities. Section III (pp. 34-109) contains a detailed discussion of the facts and causes of the price movements of each group and each commodity in the wholesale index number.

II. Tables of Wholesale Prices, 1916 (pp. 111-196). The *actual* wholesale prices for each commodity for each month of 1916.

III. Tables of Index Numbers, 1890-1916 (pp. 197-220). The *relative* wholesale prices for each commodity for each year 1890 to 1916 upon the basis of 1890-1899 = 100.

IV. Retail Prices, Canada, 1900, 1905, and 1910-1916 (pp. 221-243). The *actual* retail prices of "thirty staple foods and of coal, wood and coal oil in some sixty commercial and industrial cities of Canada." Quotations are given for each year, each commodity, and each city, separately, with averages for each province.

V. Prices in Other Countries (pp. 245-288). A discussion, with tables and index numbers for varying numbers of years, of prices in the United Kingdom, the United States, France, Italy, Switzerland, Holland, Denmark, Norway, Sweden, Finland, Austria, Germany, Australia, New Zealand, and Japan.

VI. Gold Production, the Monetary Supply and Prices (pp. 289-295). Tables of gold production and the condition of the world's great banks. Discussion of the relation of these factors to price movements.

In general the report is admirable. Some of the most interesting points are only indirectly connected with commodity prices, for example, the fall in rents (pp. 13 and 18) and the great decline in building permits since the peak in 1912 (pp. 4 and 5), the violent reversal of the trade balance (pp. 6-7), and the shifting of Canadian bond issues from London to New York (pp. 7-8). The detailed discussion not only of prices but of "information directly bearing on . . . prices" might with great advantage be copied by the United States Bureau of Labor Statistics. The family budget retail index numbers for each province separately (pp. 16-17) and the discussion of each separate commodity in the wholesale number (pp. 34-109) are admirable features. An extension of the family budget index number to each reporting city separately would be a further gain.

The Canadian Department of Labor still clings to the unweighted-simple-arithmetic-average-of-relatives type of index number with base

1890 to 1899. It defends this procedure theoretically by claiming that the choice of commodities has already introduced an intelligent weighting (p. 26), and statistically by attempting to show that the unweighted number has practically the same movement as a weighted one (p. 29). However, this is not even "practically" true. Though the 1916 figures (percentages of 1890-1899 prices) are unweighted 182.0, weighted 182.3, the 1912 figures are unweighted 134.4, weighted 143.9. From 1912 to 1913 the weighted and unweighted numbers move in opposite directions. Moreover, the weighted number is only partially weighted. It is a "group weighting." Haphazard weighting still remains within the groups.

Again, the type of difficulty recognized in the Introductory Note, where we read, "During 1915 one line of spelter added in 1910 was dropped, as owing to the great advance in prices of spelter, two series in addition to zinc sheets gave these lines an undue importance in the calculation of the index number," would not be removed by *any* weighting of an arithmetic average type of index number. The "aggregate of actuals" which has become so popular with the United States Bureau of Labor Statistics is involved in exactly the same difficulty.¹ After a commodity has doubled in price a one per cent movement in the price will affect an aggregate of actuals just twice as much as it would before the commodity doubled in price. Moreover, we have every reason, both theoretical and statistical, for believing that its *percentage* fluctuations will tend to be just as great after it doubles in price as before.

Another difficulty with an unweighted arithmetic average is the effect of the choice of base upon the movements of the number. A low price base period, like that used by the Canadian Department (1890-1899 = 100) exaggerates the extent of the percentage rise in the index number. If the last year (1916), which is a year of high prices, were used as base, the percentage increase from the nineties to 1916 would appear considerably less than it does in the present number. The reason for this is important and interesting. Moreover, it seems unknown to the makers of index numbers.

If there be two years and we compare prices by taking an *harmonic* average of relatives using the *first* year as base, the ratio of the index number of prices in the second year to the index number of prices in the first year will be the same as if we took an *arithmetic* average of relative using the *second* year as base. (The proof of this will be found

¹ An aggregate of actuals may, of course, always be considered as an arithmetic average of relatives with a particular set of weights.

in the accompanying note.²) A curious sidelight on this fact is the recent tendency of some government bureaus to change their base periods, arguing that the last completed year is the best possible base. To compare prices in 1916 with prices in 1900 by means of arithmetic averages, using 1916 as base, is identically the same thing as to compare the prices by means of harmonic averages using 1900 as base. Now an harmonic average is always and necessarily less than the corresponding arithmetic average. Therefore, in comparing a low price period with a high price period, if the low price period be taken as base, the *arithmetic* averages will show a greater percentage difference between the high and low price periods than the harmonic averages. Vice versa, if the high price period be taken as base, the *harmonic* averages will show a greater percentage difference between the high and low price periods than the arithmetic. Moreover, the percentage difference shown by the arithmetic averages with the low price period as base equals the percentage difference shown by the harmonic averages with the high price period as base. (See Note 2.) Therefore the percentage difference shown by the arithmetic averages with the low price period as base is greater than the percentage difference shown by the arithmetic averages with the high price period as base. This is the key to the problem of the effect of choice of base period upon an arithmetic average index number.

University of California.

FREDERICK R. MACAULAY.

² Actual Prices

I	II
a_1	b_1
a_2	b_2
a_3	b_3
...	...
a_n	b_n

Taking the *first* year as base and using an *harmonic* average, prices in the second year are to prices in the first year as

$$\frac{100}{\frac{a_1}{b_1} + \frac{a_2}{b_2} + \frac{a_3}{b_3} + \dots + \frac{a_n}{b_n}} \text{ is to } 100$$

Multiply each of these index numbers by

$$\frac{a_1}{b_1} + \frac{a_2}{b_2} + \frac{a_3}{b_3} + \dots + \frac{a_n}{b_n}$$

and (as the ratio of the one to the other remains the same) we have prices in the second year to prices in the first as

$$100 \text{ is to } \frac{100 \left(\frac{a_1}{b_1} + \frac{a_2}{b_2} + \frac{a_3}{b_3} + \dots + \frac{a_n}{b_n} \right)}{n}$$

But this is the ratio of prices in the second year to prices in the first year when we take an *arithmetic* average of relatives and use the *second* year as base.

The Federal Reserve Board has made a reprint of *The Federal Reserve Act* with amendments through June 21, 1917 (Washington, pp. 62).

The Comptroller of the Currency has also prepared a new edition of *The National-Bank Act as Amended, the Federal Reserve Act, and Other Laws Relating to National Banks* under date of August, 1917 (pp. 186).

The operations of the *Postal Savings Systems* for the year ended June 30, 1917, are summarized in a letter of the Postmaster General and published as House Document No. 489, 65th Congress, 2d Session (pp. 61).

The *Banking Law* of Iowa revised to July 14, 1917, appears in pamphlet form (Des Moines, pp. 52).

The *Proceedings of the Thirtieth Annual Convention of the Kansas Bankers' Association*, held May, 1917, contains addresses on recent legislation in Iowa by Senator C. E. Snyder (p. 46) and Deputy Bank Commissioner L. A. Johnson (p. 50) and an address on bank taxation by S. T. Howe (pp. 113).

A bulletin of the National Federation of Remedial Loan Associations (Secretary George E. Upson, 107 Paul Bldg., Utica, N. Y.) publishes the *Proceedings of the Ninth Annual Convention*, held in Cincinnati, May 10, 1917 (pp. 36). The *Work of the Remedial Loan Societies, 1916-1917* is summarized in a folder published by this association.

Edward B. Smith & Co., bankers of New York (30 Pine St.), have printed a folder comparing the gross and net income to be derived from investment in liberty loans and railroad and public utility bonds.

Two other reports to be noted are: *Annual Report of the Superintendent of Banks of New York for 1916* (Albany, 1917, pp. 584); and *Twenty-fifth Annual Report of the State Banking Board on Nebraska Building and Loan Associations* (Lincoln, 1917, pp. 159).

Public Finance

ONTARIO BUSINESS TAX. The Ontario business tax adopted in 1906 is a surtax on the real estate value of premises used for business purposes. Although a percentage of the assessed value of the real estate occupied by each establishment constitutes its business assessment, this percentage is not uniform for all kinds of business. The business

assessment of a restaurant, for instance, is only 25 per cent of the real estate value; that of a bank, 75 per cent. All business assessments fall between these two limits. Wholesalers and financial institutions are assessed at 75 per cent of the real estate value; manufacturers at 60 per cent; department stores, professional men, and lumber yards at 50 per cent; newspapers and flour mills at 35 per cent; retail merchants at 30 per cent; and theaters, livery stables, garages, and hotels at 25 per cent. This list is only illustrative. Practically every business is assessed.

The business assessment is subject to the same tax rate as the real estate assessment. Payment of the business tax is a personal liability on the part of the occupier and not a charge against real estate.

In the average city of Ontario the business tax yields from 8 to 12 per cent of the total taxes for municipal purposes.

The business tax was adopted by the municipalities of Ontario as a substitute for the personal property tax. The change was favored on the ground that it would equalize taxation between different merchants and that it would give cities a more definite and staple source of revenue. Unlike the personal property tax, the business tax would avoid annoying inquisitions into a man's private affairs; attempts at evasion and fraud would be entirely done away with. For the business tax, it was claimed, assessments were so simple as to be merely a matter of arithmetic, the business assessment in each case being automatically fixed by the real estate assessment. Any trade with a definite place of business was, moreover, as easily taxed as another. No books, no stocks need be examined by the assessor. One assessment would suffice for the taxation of both business and real estate. This would reduce the administrative cost to a minimum.

Ontario was not blind to the fact that the business tax also had some shortcomings. For one thing it was not based upon the ability of the taxpayer to pay taxes. Two business men, occupying adjoining premises exactly alike in character and carrying on the same kind of business, might enjoy very different incomes. Moreover, under certain conditions the merchant or manufacturer occupying a premise of small value is more able to pay than is one occupying a premise of great value. The answer to this objection was that though one might not be so successful as his competitor, both enjoyed precisely the same benefits from local government and ought therefore to pay the same tax. Should the tax bear more heavily upon one than upon the other, the person so mulcted would only be paying the penalty of inferior ability and industry.

To distribute the tax more or less equally between different classes of business the scheme of having different rates of assessment was hit upon for different businesses. If all had been assessed at the same rate the tax would have borne onerously upon retail merchants who in the very nature of the case are obliged to occupy the more central and valuable sites in a city. This classification of different businesses in a rough way not only equalized the taxes paid by those occupying premises of a widely different character and of varying values but also those similarly situated and employing sites of the same value for different purposes.

The incidence of the Ontario business tax is so indefinite that it is difficult to generalize about it. In some instances it is undoubtedly paid by the business itself; in other instances the consumer may probably pay it in the way of higher prices. If the tax is sufficiently large to prove burdensome it may induce business either to occupy less space or to seek less valuable premises. Under either of these conditions the competition among owners for tenants may result in rents so much lower as to offset the tax. In other words, the incidence of the tax would be shifted right back to real estate.

In Toronto it has already been charged that the assessors strive to make fair business assessments by modifying the real estate assessment. To avoid the injustice of overtaxing the merchant they under-assess the property used for business purposes. Should this policy progress to any considerable extent, the valuations of real estate used for non-business purposes must naturally be correspondingly increased. In that event the upshot of the business tax would be an additional burden imposed upon residential property. Shifted thus, the business tax, instead of being a tax on business, would be a discriminatory tax on real estate. The probability is that this will be the natural result. As the business assessments increase automatically with increases in the assessment of real estate, the assessors will find it expedient to be rather slow in increasing the assessment of business property. The opposition to such increases will be twofold; both owner and tenant will protest. The assessment of residential property may be raised with exciting the protest of only one person, that is, with half the facility. The temptation to the assessor appears too great to be withstood.

HERBERT S. SWAN.

The First Annual Report of the United States Tariff Commission (Washington, 1917, pp. 26) renews the recommendation for the enactment of a law for safeguarding revenue between the time of the first

stage of legislative consideration and the final enactment. The commission is at work upon a new codification of the customs administrative laws. Investigations are being prosecuted in regard to establishment of free ports or free zones. Reference is also made to a survey being carried on in the chemical industry.

Bulletin 574 of the New York Tax Reform Association (29 Broadway, New York) contains a summary of federal tax legislation, 1917 (pp. 4).

Two pamphlets relating to the liberty loan are: *The Liberty Loans*, issued by the Guaranty Trust Company of New York (pp. 12); and *Accounting for the Liberty Loans, 1917*, by Harvey S. Chase, reprinted from the *Journal of Accountancy*, January, 1918 (pp. 11).

Pamphlets relating to war revenues are as follows:

The Cost of the War (Mechanics and Metals National Bank of New York, Oct., 1917, pp. 53), which gives a summary of war loans of different nations, national debts, and wealth of different nations.

War Revenue and Federal Income Tax Laws (National Bank of Commerce, New York, Oct., 1917, pp. 170). This contains the text of the War Revenue act of October 3, 1917, and the federal Income Tax law of September 8, 1916, with subsequent amendments.

The War Tax Law of October 3, 1917 (American Exchange National Bank of New York City, pp. 78).

The War Tax of 1917 (National City Company of New York, pp. 62), giving detailed explanations with rulings and illustrations.

War Excess Profits Taxes (American Exchange National Bank of New York, pp. 16). This gives the constructive sections and was prepared in response to a request from the Treasury Department, by Benjamin G. Paskus.

The following documents refer to state and local taxation:

Finances of Ohio Cities: Debt and Taxation, a bulletin of the Ohio Legislative Reference Department (Columbus, 1917, pp. 81).

Laws Relating to Assessment and Taxation in Kansas (Topeka, Tax Commission, 1917, pp. 141).

Annual Report of the Tax Commission of Ohio for 1916 (Columbus, 1917, pp. 149).

Report of the State Tax Commission of New York, 1916 (Albany, 1917, pp. 474, 725).

Insurance

THE WAR RISK LIFE INSURANCE ACT OF THE UNITED STATES.¹ The effect of the war on the cost of life insurance has been marked; and yet the need of insurance protection was never more clearly recognized. The soldier or sailor entering the service found that insurance companies either were increasing rates to prohibitive points or were refusing to grant insurance on any terms. Nor are the companies to be criticised for such procedure. In practically all countries their treatment of old policyholders in particular has been liberal. Indeed, if one were to venture a prophecy, it would be that the final results, which will be known only when war statistics are available, will show that the officials of insurance companies were in some respects too liberal. There is no good reason why the insurance companies, which are private organizations established and operated for the benefit of members, should assume the burden of granting protection to the millions of dependents of those entering the war. This military service was undertaken for the benefit of the nation as a whole and not peculiarly for the benefit of the policyholders in life insurance companies. Practical consideration offered three methods of meeting the situation, so far as life insurance was concerned:

First, the companies might refuse to insure the lives of those entering the army or navy, either by absolute refusal or by placing the premium at a prohibitive point. Then in case of death, the government would grant a pension to the dependents, and during the period of service they would have to rely on uncertain charity. The twentieth century sense of social obligation would not permit such a disposition of the question.

Second, provision might be made for insuring the lives of soldiers and sailors in private insurance companies at such rates as the officials decided upon, the state, national or local, paying either all the premium or such part as should be represented by the extra hazard of war. In some cases this has been done; some cities have insured the lives of citizens called into service. But as a practical solution of the question this would have been an awkward measure. Too many millions are engaged. There are many private companies among which to adjust the distribution of business. No two local governments would agree upon the amount and terms of insurance, and thus discrimination of an invidious character would arise. The national government, where one exists, might insure the risks in private com-

¹ The writer has prepared for early publication by the Carnegie Foundation a study of *The Effect of the War on Life, Social, Marine, and Fire Insurance*.

panies, but this would not remove the above practical objections nor others which are apparent.

Third, the national government itself might undertake the granting of life insurance. This method is the one which has been adopted in the United States; and the chief merits and defects of the plan as a whole will be discussed in connection with the following analysis of the method now in operation.

The law enacted by Congress established a Bureau of Military and Naval Insurance under the Secretary of the Treasury; provided for the issuance of policies of life insurance to those in the military and naval service of the nation, in addition to the allotment of soldiers' and sailors' pay to dependents; and also contained provision for reëducation, and other features.

The bill had its origin in the condition described and resulted from the coöperation of the Treasury Department, the Committee on Labor of the Advisory Commission of the Council of National Defense, the Departments of Commerce, Navy, Labor, an advisory committee of insurance representatives, and others. The insurance representatives favored the bill except the provision for life insurance, arguing that the other provisions of the bill were sufficiently liberal, although they favored the payment of a direct compensation of \$1,000 in case of death during service or within five years after discharge from the service.

The chief provisions of the act so far as they refer to life insurance are:

First, the appropriation of \$23,000,000 which, with the premiums received on the policies, constitutes the fund from which claims are to be paid during the first year. There has been considerable disagreement as to the adequacy of this fund, due to the impossibility of predicting what the death losses will be; in any event the credit of the United States is pledged and the claims will be paid.

Second, a definition of what constitutes "marriage," "child," "wife," "divorce," and other terms about which uncertainty or disagreement might arise in connection with the payments of the insurance.

Third, the provision of a fine of \$5,000 or imprisonment for not more than two years for perjury in obtaining family allowance, compensation, or insurance.

Fourth, the granting of insurance without a medical examination to every commissioned officer and enlisted man and every member of the Army Nurse Corps (female), and Navy Nurse Corps (female) under the following conditions:

a. The insurance is granted upon application in amounts of not less than \$1,000 or more than \$10,000.

b. It is insurance against death or total permanent disability.

c. Such insurance must be applied for within 120 days after enlistment, or after entrance into or employment in the active service, and before discharge or resignation, except that those in the active service, on or after April 6, 1917, and who while in such service and before the expiration of 120 days from and after the publication of the act become disabled or die, shall be deemed "to have applied for and to have been granted such insurance."

Fifth, the proceeds of the insurance are payable in case of death or disability in instalments and not as a lump sum.

Sixth, the insurance is not assignable, nor is it subject to the claims of creditors of the insured or of the beneficiary.

Seventh, provisions are made for maturity of the policy of insurance at certain ages, as well as for cash, loans, paid-up and extended values, dividends from gains and savings and "such other provisions for the protection and advantage of the insured and beneficiaries as may be found to be reasonable and practicable." This extract from the law indicates one of its leading characteristics, namely, the large discretion which is given to its administrators, a feature which was clearly recognized by the framers of it. The whole plan is so new and the contingencies which may arise so numerous, that it seemed unwise to attempt to specify in many particulars. The principle of entrusting large responsibility and discretion to administrative officers is being followed increasingly and the results achieved seemed to warrant its application in these special circumstances.

Eighth, the premium calculations are made on the basis of the American Experience Table with an interest of $3\frac{1}{2}$ per cent.

Ninth, the United States bears all the expense of administration and of excess mortality and disability resulting from the war. The premium rates are, therefore, the net rates of the American Experience Table of Mortality, with an interest accumulation of $3\frac{1}{2}$ per cent.

Tenth, the insurance during the period of the war is term insurance for successive terms of one year. That is, it is one year, renewable, term insurance during the period of the war. This is the kind of insurance under which no reserve is accumulated, and therefore no cash surrender values. It is insurance year by year, and the cost is paid for each year. Since with increasing age the risk increases, the premium on such insurance increases each year, although in the early ages this increase is not marked. No physical examination is required upon

application, nor is any such examination required year by year. Term insurance is for all practical purposes temporary insurance, since the cost throughout life increases greatly and since few are able to pay increasing costs with increasing age. It is assumed by private companies, as well as by the buyer, when this kind of insurance is sold, that such insurance either will be dropped after a few years, or will be transferred to one of the regular life, limited payment, or endowment policies.

The law provides that not later than five years after the close of the war, this term insurance will be converted without medical examination "into such form or forms of insurance as may be prescribed by regulations, and as the insured may request," but that such "regulations shall provide for the right to convert into ordinary life, twenty-payment life, endowment maturing at age sixty-two, and into other usual forms of insurance." This extract illustrates again the wide discretion which is left to the administrators of the law.

It will be understood that the above provision of the law contemplates the maturing of these contracts of insurance by the United States government; which means, of course, that the United States will conduct for many years public insurance. Some of the contracts will not mature for over half a century. Then, too, it must be recognized that after the close of the war, there will be in the regular army and navy, men in active service and men entering service. These men will be eligible for insurance under the provisions of the law. It may well mean that the United States will conduct an active insurance organization in time of peace to serve the needs of those whose insurability is decreased, from the standpoint of the private insurance companies, because of their military service.

The relation of the law to the pension system is in this connection clear. It is intended that the various provisions of the law shall make it unnecessary to utilize any of the old types of pensions. And in view of the history of the pension system in the United States it is to be hoped that this will be the result. But if, when the thousands, or probably millions, of soldiers and sailors return, it is found that for many who have transferred their term insurance to the regular forms the burden of paying the premiums becomes heavy as old age approaches, a grateful and patriotic nation may well insist that these premiums be paid from the state treasury. Or perchance a political party seeking power may, as in the past, dilute its patriotism with practical political strategy and favor such a practice. In either case, the result would be practically the same as a pension, and would certainly have many of the evils of the old pension system.

It is to be noted especially that the cost of this insurance to the insured is very moderate—because it is term insurance and because the government pays all the administrative expense and bears the excess mortality cost. The insured does not have in his premium any charge for the agent's commission, for examination fee, rent, offices, or any of the ordinary costs of a policyholder in a regular private insurance company, except the mortality cost, and a part of this is borne by the government.

The good features of this unusual experiment in government life insurance by the United States are evident. The measure was adopted when feelings of patriotism were at a high pitch. There was a disposition to be impatient with those who opposed the measure, and perhaps weaknesses in it will develop because of the fact that it was not subjected to the normal amount of criticism. The offering up of a life in the service of the nation does not easily lend itself to the counters of the market place, and to many the most liberal treatment of the men who were entering active war service seemed but an inadequate compensation. Nevertheless, the laudable sentiments of those who were instrumental in enacting this legislation and of those critics who were silent will not do away with the purely practical problems which will arise in applying the law.

The results may ultimately be very great. If, for example, experience shows that the government can successfully insure four or five millions of its citizens who are at war, the question may well be asked why it cannot insure those many other millions who are in civil life. In other words, the act may result in bringing to the front, as a practical question, government life insurance and the prohibition of private life insurance. This example is given only as being one of the many practical questions of large import which may arise as a result of this public insurance act.

Other questions may concern themselves with the administration of the law in its political party aspects. Theoretically, the government ought to be able to conduct this public life insurance organization at an actually lower per unit cost for the overhead expenses, even if such elements as rent and interest on the investment should be allowed. The business of life insurance seems to be one subject to a considerable degree to the principle of decreasing cost and the government ought to be in position to take peculiar advantage of this principle. However, as is well known, practical considerations often interfere with the realization of theoretical possibilities. In some countries, as, for example, Australia, the private insurance organizations in competition

with state insurance seem to have been able to supply life insurance on as advantageous terms as the public organization.

However, it is in connection with the second amendment to the War Risk Insurance Bureau act, passed by Congress October 6, 1917, that the most important government assistance is granted.

This comprehensive act provides for life insurance, which has been previously described, for allotments and family allowances, and for compensation in case of death or disability. The allotment and allowance are compulsory as to wife, a divorced wife who has not remarried and to whom alimony has been decreed, and to a child; and voluntary as to any other person, with certain minor limitations. The monthly compulsory allotment has a maximum of not more than one half the pay, but not less than \$15. Any additional sum from the monthly pay may be deposited to the credit of the enlisted man, who receives interest on it from the government at the rate of 4 per cent. In addition, the government may pay, upon proper application by the enlisted man, to his family or beneficiary, a sum not to exceed \$50 per month, the particular sum depending upon the number and degree of direct relationship of the dependents or beneficiaries. In the granting of family allowances, two classes are established: Class A includes the wife and children, and Class B includes the parent, brother, sister, or grandchild. Under certain limitations, both a divorced wife and an illegitimate child are included under the provisions for the allowance. Dependency is the test to be applied in determining the right to the allowance.

Compensation is also provided "for death or disability resulting from personal injury suffered or disease contracted in the line of duty by any commissioned officer or enlisted man, or by any member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) when employed in the active service."

As is generally known, it has become the practice of many life insurance companies to incorporate in their regular policies a "disability clause," which provides that in case of the permanent and total disability of the insured no further premiums are required of him. The policy then either becomes paid up and is paid to the beneficiary on the death of the insured, or sums are paid in instalments.

Under the United States law for the insuring of those in military and naval service, compensation is paid for disability. It is on a monthly basis and varies from \$30 to \$100 per month, in case of total disability, the amount being adjusted to the number of dependents or the extent of the disability, as in the case of the loss of both feet,

hands, or eyes, when the rate of compensation is \$100 per month. If the disability is partial, "the monthly compensation shall be a percentage of the compensation that would be payable for total disability, equal to the degree of the reduction in earning capacity resulting from the disability." A schedule or ratings of reductions in earning capacity from specific injuries or combinations of injuries of a permanent nature is to be adopted and applied by the administrators of the law. In addition to this compensation, the law provides further that such reasonable medical, surgical, and hospital services shall be furnished by the United States, as well as such artificial limbs, trusses, and similar appliances, as "the director may determine to be useful and reasonably necessary."

If death results, the compensation granted varies from \$25 a month for a widow to \$17.50 a month for a widow and two children, with an additional \$5 a month for each additional child up to two. If there is no widow, but dependent children, the compensation for one child is \$20 a month, for three children \$40 a month, and \$5 per month for each additional child up to two. A compensation of \$20 a month is established for a widowed mother.

Certain other allowances are made, as, for example, \$100 for burial expenses and the return of the body to the home. The allowance to the widow or widowed mother continues until remarriage and to the children up to the age of eighteen years or marriage. The term "widow" for this purpose is defined as "one who shall have married the deceased not later than ten years after the time of injury." This limitation was imposed to guard against an evil which has been present in the pension systems of the United States.

The compensation for disability includes total temporary disability, permanent disability, and partial disability. The compensation provided depends upon the degree of disability and the number of dependents. For total disability, the allowance is \$30 a month when no wife or child is living; for a wife and three or more children \$75 per month. If, in addition, the recipient is in a helpless condition, an additional sum not to exceed \$20 per month is allowed for a nurse or an attendant; but if the disability results from the loss of both feet or both hands or both eyes or in "becoming totally blind or helpless and permanently bedridden from causes occurring in the line of duty in the service of the United States," the rate of compensation shall be \$100 per month.

An especially interesting and important feature of the disability insurance is that one which provides for a system of reeducation for

those cases "of dismemberment, and of injuries to sight or hearing." The government will provide vocational training and reëducation and will require the insured to pursue a course of training. In case of wilful failure to do so, compensation will be suspended. If such a course prevents the injured person from acquiring a substantially gainful occupation, a form of enlistment into the military or naval service may be required. This enlistment will entitle the person to full pay on the basis of the last month of his active service, and his family to family allowance and allotment in lieu of all other compensations for the time being. Just what use will be made of these partially disabled persons is uncertain; and this, like many other sections of the law, leaves the matter open for later administrative regulation or judicial interpretation.

It may appear unpatriotic and critical to characterize these provisions, together with the insurance feature which has been previously described, as "generous," since the risk or sacrifice of life for the service of the nation cannot be estimated in terms of money. Such allowances are generous only as compared with those which are and have been made by other nations or which have been made in the past by the United States.

W. F. GEPHART.

PENSIONS. Upon the declaration of war by the United States, the federal Children's Bureau immediately began the preparation of a series of studies on the welfare of children and other dependents in the warring countries. The report on the care of the disabled men, their dependents and their survivors in the United States and foreign countries forms Publication number 28 of the bureau (*Governmental Provisions in the United States and Foreign Countries for Members of the Military Forces and Their Dependents*, Washington, 1917, pp. 236). The chief of the bureau secured the aid of Capt. S. Herbert Wolfe, a well known actuary of New York City, who supervised the work of the Bureau's staff of experts.

The countries covered include the United States, Great Britain, the British colonies, Austria, France, Germany, Italy, Russia, Switzerland, and the Netherlands. A report on Canada was published in Bureau Publication number 25. A separate chapter is devoted to each country, while a brief review of the general tendencies of foreign pension legislation gives a comparative statement of the benefits provided in the various countries.

Of special value is the discussion of the pension system of the

United States. Until the publication of this study, it was impossible to find a clear statement of the scope and content of the long series of laws on this subject. The tables showing the yearly expenditures for pensions by this country are impressive as an exhibit of liberal treatment of the American soldier and his dependents.

Each chapter gives a brief history of the development of the plan in use in the various countries, followed by a detailed statement of the pay of each class of officers and enlisted men, the separation allowances, the rate of pension for disability, the pensions for survivors, maternity relief, the methods of administration, and, when possible, some information about the rights to training and reëducation of men partially disabled by service. Careful citations of sources are given for all important statements, and at the end of the chapters a list of authorities is given.

The systems in use in some of the countries, such as Germany, are extremely involved, and a great amount of study and care has been devoted to presenting the facts in a clear and authoritative form. One interesting feature of the various systems is the provision made by some of the countries for special aid in case of maternity, a benefit lacking entirely in our American system. The description of the Swiss military insurance brings out the main points of that plan, but it is a matter of regret that a more extended account was not given. The methods used by the various countries for the preservation of the economic status of the family of the soldier is the background of the study. Such an investigation was well worth while at any time, but at the present moment the study is of peculiar value, and it is especially fortunate that the bureau was able to place the data in the study at the disposal of the committee which drafted the law for the insurance of soldiers and sailors, now on our statute books.

HENRY J. HARRIS.

WIDOWS' PENSION LAWS. Under the direction of Samuel McCune Lindsay, the New York Bureau of Municipal Research has published a study of widows' pension laws, which in brief scope gives a well rounded account of the present status and recent experience under these laws (*Widows' Pension Legislation*, Municipal Research, No. 85, May, 1917, pp. 125, 50c.). The aim of the report is to show the history and purposes of widows' pension laws in New York and other states and to discuss the value of the different methods of administration. The conclusion is reached that these laws are not an endowment of motherhood nor an indemnity of widowhood nor a method of relief of distress, but that they are an effort to conserve childhood as a pub-

lic asset. The motive is to give the child a real home instead of an institutional one, a home under the guidance of the child's mother with a normal family life.

The data presented include a digest of the provisions of the laws of twenty-eight states and cities, while a useful tabular analysis enables one to make a ready comparison of their scope. For those interested in securing the enactment of new laws and for persons administering them, there is a wealth of information on such very practical points as supervision of beneficiaries, rates of pension, methods of payment, medical service, vocational guidance, control of school work, use of the courts and schools, use of private organizations in carrying out the laws, and the like.

Emphasis is placed on the fact that the scheme of mothers' pensions is as yet too new to form any definite or final conclusion as to the value of this method of conserving childhood. The danger of the plan arises from the fact that it may come to be regarded as a substitute for fundamental measures which would reduce the number of dependent children and of widows in our country.

HENRY J. HARRIS.

PENSION FUNDS IN ILLINOIS. The Chicago police pension fund has a deficiency whose present actuarial value is over \$30,000,000; the Chicago firemen's fund has a deficiency whose present value is over \$13,000,000; the Chicago teachers' fund has a similar deficiency of over \$15,000,000, while other Illinois cities have pension funds in like straits. It is of course a state of affairs which can be matched in many American cities and which will in the near future call for thorough reorganization, with perhaps serious consequences for the innocent victims of the unwise and unscientific plans on which most of our American pension funds have been established.

To make a careful survey of the existing situation, and to indicate some plan for the reform of the evil in Illinois, the state legislature in January, 1916, authorized the creation of the Pension Laws Commission, whose report was submitted in December, 1916 (*Report of the Illinois Pension Laws Commission*, Springfield, 1917, pp. 310). The scope of the report is indicated by its subtitles: Part I, Investigations with Certain Comparative Studies; Part II, Underlying Principles and Specific Recommendations for a Revised Pension Plan.

The commission restricted itself to a concise review of foreign experiences and gives a comprehensive statement of conditions in Illinois. The actuarial section of the report was prepared at the Uni-

versity of Illinois under the supervision of Professor H. L. Rietz, who had the coöperation of Professor D. L. Campbell, of the Armour Institute.

The recommendations of the report include a model plan for pension funds for civil employees and certain specific reforms for each of the four large funds of the city of Chicago. The commission also recommended that further study be made in order to devise plans to rehabilitate the funds operating on an unsound basis and to propose plans in regard to other features for which the time at their disposal was too limited. The value of the report consists in its good review of existing conditions, its clear statement of the essentials of a sound pension plan, and its specific advice as to certain evils which it is practicable to remedy at once. The volume will be helpful in creating a public sentiment which may lead to an improvement in the existing funds and prevent the recurrence of similar difficulties in funds established later.

HENRY J. HARRIS.

THE NEW BRITISH HEALTH INSURANCE BILL. Early in 1916 the British Treasury Department appointed a Departmental Committee on Approved Society Finance and Administration to make a study of the health insurance system and to report upon any amendments in the financial scheme of the insurance acts which experience of the administration of the sickness, disablement, and maternity benefits might suggest as desirable. The financial recommendations of the committee were, however, to be restricted to the limits of the existing benefits and contributions and were not to include any further grants from the national treasury. The latter restriction was modified in effect, when the Prime Minister announced on October 11, 1917, that a further grant of £250,000 annually would be recommended to Parliament, thus bringing the total amount of the grants from the national treasury in respect of money benefits to £400,000 a year in excess of the provisions from public moneys made by the original 1911 act.

The Departmental Committee made three reports, the *Interim Report* (Cd. 8251), the *Further Report* (Cd. 8396), and the *Final Report* (Cd. 8451). The announcement of the Prime Minister made it possible to make more liberal provision than the recommendations of the committee included; and the bills introduced, one on November 6 and one on December 6, 1917, are based on the agreement to add £250,000 to the treasury grant. The bill as passed by the House of Commons on December 19 (Bill number 119) seems to have a good chance of early enactment; fortunately it is accompanied by an Explanatory

Memorandum (Cd. 8816) which assists the non-British reader to comprehend the very complicated and elaborate British system. The new bill adds to the already bewildering financial arrangements three new "funds"; the Women's Equalisation Fund, the Contingencies Fund and the Central Fund. The fact that the sickness rate of the insured women, especially the married women on account of pregnancy, was so much in excess of the original estimates has been a source of financial difficulty to societies having an appreciable number of women members since the inauguration of the system. This deficit is to be met in part by reducing the sum of one and one half pence paid into the reserve from the weekly dues, by one third of one pence, which, it is estimated, will be more than sufficient to meet the deficit due to the generally higher sickness rate of women; the deficit caused by the sickness claims on account of pregnancy will be met from the Women's Equalisation Fund, into which the government will pay about £250,000 annually. This fund will be apportioned each year among the societies having women members on a plan to be worked out by the Joint Committee and approved by the Treasury.

The second, or Contingencies Fund, is to be formed by taking from the sinking fund contributions four ninths pence for men and one third pence for women and to credit at least seven eighths of these amounts to the societies to form a contingencies protective fund to safeguard the members from a reduction of benefits or increase of contributions in case an actuarial valuation shows it to have a deficiency. This fund will receive about seven eighths of the amounts just referred to; the other one eighth or less will be transferred to the Central or Special Risks Fund under the control of the National Health Insurance Joint Committee. The latter will make grants from this fund to societies having deficits caused by excess of sickness due to extra risks of occupation, unhealthy environment or other causes over which the society had no control. This fund will also receive a government grant of £150,000 annually.

There are a large number of other provisions (the bill covers 46 folio pages) most of which relate to details of administration. The provision which has received most attention is that in clause 22, creating a new benefit, the "marriage benefit" of two pounds, which any insured woman is to receive at her option when she marries. The woman who accepts this and relinquishes employment, ceases to be insured for sickness, disablement, and maternity benefits, but is entitled to medical and sanatorium benefit to the end of the calendar year next following; if a woman does not apply for the marriage benefit and also

leaves employment, she is entitled to all benefits for one year after employment ceases. If she accepts the marriage benefit and remains in employment, she is to be treated for benefit purposes as having entered insurance for the first time at the date of her marriage.

The new burdens assumed by the national treasury consist first of the £250,000 a year to cover the cost of sickness due to women and second the £150,000 a year due to occupational risks and similar causes. These two features are in effect an extension of the original plan of insurance; the actuaries who made up the estimates on which the system was based, did not make any allowance for sickness due to pregnancy—it is even stated that the authorities forgot about it. The most important change is, of course, the reduction of the amounts assigned to the sinking fund. This will postpone the date at which larger benefits can be granted by a period of from fifteen to twenty years.

H. J. H.

The *First Annual Report of the United States Employees' Compensation Commission, 1916-1917* (Washington, pp. 49) contains the text as well as a summary of the compensation act. Several pages are given to the interpretation, and statistics are tabulated.

Under workmen's compensation are also to be noted: *Third Annual Report of the Industrial Commission of Wisconsin* (Madison, Sept. 1, 1917, pp. 23); *Workmen's Compensation Act with 1917 Amendments*, also published by the Wisconsin commission (pp. 58); *Workmen's Compensation Law of Iowa Revised to July 1, 1917* (Des Moines, pp. 45); *Iowa Workman's Compensation: Legal Opinions*, by Henry E. Sampson (A. B. Funk, Iowa Industrial Commissioner, Des Moines, pp. 69); *Kansas Workmen's Compensation Laws* (Topeka, Secretary of State, 1917, pp. 23); *Workmen's Compensation Act of Connecticut* (Hartford, June, 1917, pp. 50); and *Third Annual Report of the Board of Compensation Commissioners of Connecticut* for 1916 (pp. 20).

A reprint has appeared of the address on *Progress Toward Health Insurance*, by John B. Andrews, delivered at the National Conference of Social Insurance at Pittsburgh (pp. 8).

The *American Labor Legislation Review* for December, 1917, presents a concise positive statement in answer to opponents of universal workmen's health insurance, together with a select bibliography of publications by both sides during the preceding year and a half. The issue gives prominence to standards proposed by the New Jersey commission, the third state body to report in favor, which advocates health

insurance as an essential measure of labor reconstruction both during and after the war.

The workmen's compensation law of each of the following states, with 1917 amendments, has been published in twenty-five-cent pamphlets by Frederick R. Jones, of New York: California, Colorado, Connecticut, Illinois, Iowa, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, New Hampshire, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Vermont, and Wisconsin. (Workmen's Compensation Publicity Bureau, 80 Maiden Lane, N. Y.)

The Insurance Society of New York has printed an address on *Ascertainment of Machinery Values and Losses*, by John Hankin (pp. 46).

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by Arthur N. Young)

BOURDON, J. *Les procédés d'évaluation de la richesse nationale*. Rev. d'Econ. Pol., May-June, 1917. Pp. 17.

DAVIDSOHN, J. *Nogle Bidrag til den almindelige Sociologi*. Nat. øk. Tids., July-Oct., 1917. Pp. 5.

A critical examination of certain social concepts, methods of approach and classification.

EPSTEIN, M. *Teaching of economics in Germany after the war*. Econ. Journ., Sept., 1917. Pp. 3.

May be expected to tend toward increased specialization on the part of professors, and a more "practical" bent in their teaching.

KNIGHT, F. H. *The concept of normal price in value and distribution*. Quart. Journ. Econ., Nov., 1917. Pp. 34.

A careful analysis of the interrelations of short-time and long-time economic forces, particular attention being given to the views of J. B. Clark and Marshall.

ROGERS, A. K. *The principles of distributive justice*. Intern. Journ. Ethics, Jan., 1918. Pp. 15.

A discussion of various theories of distribution from the viewpoint of ethics. Gives particular attention to "specific productivity." Concludes that expediency rather than principles of abstract justice must control.

SCHELLE, G. *Sur les monopoles et industries d'état*. Journ. des Econ., Feb., 1917. Pp. 6.

A summary of the ordinary objections to state enterprise.

WHITNEY, N. R. *The contracting field for individualism*. S. Atlantic Quart., Oct., 1917. Pp. 20.

The trend of the times is toward increasing social control and the "rights" of individuals must give way when they conflict with the interests of society.

WRIGHT, P. G. *Value theories applied to the sugar industry*. Quart. Journ. Econ., Nov., 1917. Pp. 20.

A study of the significance for economic theory of the cost statistics contained in the reports of recent federal investigations of the sugar industry.

Economic History, United States

(Abstracts by E. L. Bogart)

BLANK, R. *Early railroad building in Indiana*. Pro. Ohio Valley Hist. Assoc., 1917.

BUFFINGTON, A. H. *New England and the western fur trade, 1629-1675*. Pubs. Colonial Soc. Mass., Vol. 18, 1916. Pp. 160-192.

An account of unsuccessful efforts to divert some of the profits of the western fur trade to New England.

JENKS, W. L. *The first bank in Michigan*. Mich. Hist. Mag., July, 1917.

POLLOCK, I. L. *The Iowa war loan of 1861*. Iowa Journ. Hist. & Pol., Oct., 1917. Pp. 36.

An effort to float a loan for \$400,000 to equip troops. On account of the poor credit of the state only \$300,000 was secured.

PROVINE, W. A. *Gardner Clark, Nashville's first merchant*. Tenn. Hist. Quart., June, 1917.

REAMS, L. A. *Taxation in Virginia during the Revolution*. Richmond College Hist. Papers, June, 1917. Pp. 30.

An intensive study of a short period.

Organization of Virginia agriculture. William and Mary College Quart. Hist. Mag., Jan., 1918. Pp. 5.

An account of the formation of early agricultural societies.

Economic History, Foreign

(Abstracts by Clive Day)

BOURNE, H. E. *Maximum prices in France in 1793 and 1794*. Am. Hist. Rev., Oct., 1917. Pp. 6.

BRENIER, H. *La région économique provençale*. Monde Econ., Oct. 20, 1917. Pp. 3.

CUNNINGHAM, C. H. *Spain and the war*. Am. Pol. Sci. Rev., Aug., 1917. Pp. 26.

D'AULNIS DE BOURBOILLI, J. *De staathuishoudkunde in verband mit den wereldoorlog*. De Economist, Sept., 1917. Pp. 15.

A survey of the general questions, economic and political, raised by the war.

EDGEWORTH, F. Y. *After-war problems*. Econ. Journ., Sept., 1917. Pp. 9.

Review of the volume with above title by the Earl of Cromer and others.

EINAUDI, L. *Le confessioni di un economista*. Rif. Soc., Oct., 1917. Pp. 16.

An estimate of the work of William Smart prompted by a reading of his posthumous *Second Thoughts*.

HAYES, C. J. H. *The trades of antiquity as a field of investigation*. Am. Hist. Rev., Oct., 1917. Pp. 2.

LEBAN, A. *Some economic lessons of the war*. Quart. Rev., July, 1917.

MASSA, C. *Costo dei trasporti in Terra di Bari (1542-1722)*. Giorn. degli Econ., Oct., 1917. Pp. 8.

Statistical material from 284 transportation contracts, giving freight and passenger rates by land and by sea.

MARSTRAND, E. *Gustav von Schmoller*. Nat. ök. Tids., July-Oct., 1917. Pp. 4.

An appreciation of the German economist Schmoller who died June, 1917.

NICHOLSON, J. S. *Trade after the Napoleonic war, with some comparison between present conditions and those of a hundred years ago.* Scot. Hist. Rev., July, 1917. Pp. 6.

Particularly a study of the depression about 1815, and a comparison of the conditions of inflation then and now.

ODIN, M. A. *What participation in the war may mean for China.* Econ. Wld., Nov. 10, 1917. Pp. 3.

SWANSON, W. W. *Canada's economic future.* Modern Business: Supplement, July-Sept., 1917. Pp. 12.

VASSAR-SMITH, SIR R. V. *Inaugural address of the president of the Institute of Bankers.* Journ. Inst. Bankers, Dec., 1917. Pp. 13.

Surveys the problem of reconstruction after the war.

La question d'une "Union de l'Europe centrale" et la lutte économique après la guerre. L'Econ. Franç., Oct. 27, 1917. Pp. 2.

Railways and Transportation

(Abstracts by Julius H. Parmelee)

BREADY, S. *The employment of women in railroad work.* Ry. Age Gaz., Nov. 23, 1917. Pp. 4, illus.

BYE, R. T. *Social welfare in rate making.* Pol. Sci. Quart., Dec., 1917. Pp. 20.
Public interest and the rate level.

CARTER, W. H. *Problems of military transportation.* N. Am. Rev., Jan., 1918. Pp. 5.

DIXON, F. H. *Railway earnings and expenses for the year 1917.* Ry. Age, Jan. 4, 1918. Pp. 3.

With chart and statistical tables.

DUNN, S. O. *The railways in peace and war.* Yale Rev., Jan., 1918. Pp. 20.
The government ownership problem in the light of war experience.

GOTO, S. *The progress of the Japanese railroads.* Ry. Age Gaz., Oct. 12, Nov. 2, 1917. Pp. 6, 6.

Historical survey, with maps and illustrations.

HOLDEN, H. *The American railroads in war time.* Ry. Age Gaz., Nov. 23, 1917. Pp. 2.

Analysis of work and problems of railways and their War Board.

KEELER, S. J. *The Brown system of discipline.* Ry. Age Gaz., Nov. 30, 1917. Pp. 3.

Merit and demerit system versus system of suspensions for breaches of discipline.

McKENZIE, F. A. *The British railways under government control.* Ry. Age Gaz., Dec. 21, 1917. Pp. 4.

MIDDLETON, P. H. *New railway construction in foreign countries.* Ry. Age, Jan. 4, 1918. Pp. 4.

Covers South American countries, Spain, Asia, and Africa.

PARMELEE, J. H. *The basis of compensation for the railroads.* Ry. Age, Jan. 11, 1918. Pp. 2.

Proposed compensation for use of railway property by the government under the President's proclamation of Dec. 26, 1917.

PAYNE, J. L. *Railway progress in Canada during the year 1917.* Ry. Age, Jan. 4, 1918. Pp. 3, illus.

PRATT, E. A. *Wagon pooling and common-user.* I. *Private owners' wagons.* II. *War-time conditions.* III. *Difficulties and disadvantages.* IV. *The back-loading order.* Ry. News, Oct. 27, Nov. 3, Dec. 1, 8, 1917. Pp. 2, 2, 2, 2.

The first four in a continuing series.

PRICE, T. H. *Government operation of the railroads. Has it come to stay?* Outlook, Jan. 16, 1918. Pp. 3.

PROUTY, C. A. *The government position on valuation.* Ry. Age Gaz., Oct. 5, 1917. Pp. 8.

Appreciation and depreciation, land, engineering, construction problems, contingencies, etc.

RIGHTMIRE, G. W. *Advancing freight rates to increase revenues.* Yale Law Journ., Dec., 1917. Pp. 31.

THOMSON, S. G. *Pooling railroad equipment and facilities.* Ry. Age Gaz., Dec. 14, 1917. Pp. 3.

THOMSON, S. G. *A study of the car interchange situation.* Ry. Age Gaz., Nov. 2, 1917. Pp. 5.

WHITE, E. *Monorail system of railways.* Banking Law Journ., Oct., 1917. Pp. 8, illus.

WYNNE, F. E. *Railroad electrification as a war measure.* Elec. Ry. Journ., Jan. 12, 1918. Pp. 2.

Accomplishments of the Railroads' War Board. Ry. Age, Jan. 4, 1918. Pp. 3.

American railway efficiency during the war. Ry. Age, Jan. 4, 1918. Pp. 4.

Review of railway accomplishments under private control from April 6 to December 28, 1917.

The Commerce Commission's annual report. Ry. Age Gaz., Dec. 7, 1917. Pp. 5.

Construction activities during the year. Ry. Age, Jan. 4, 1918. Pp. 8.

In detail, with chart. New mileage in 1917, 979 miles, compared with 1098 miles in 1916, and 933 miles in 1915.

Director general of railroads McAdoo on the job. Ry. Age, Jan. 11, 1918. Pp. 4.

Eastern railroads to be pooled. Ry. Age Gaz., Nov. 30, 1917. Pp. 2.

Creation of operating committee of seven railway officials to control war operation of eastern roads.

Freight car orders in 1917 reach low level. Ry. Age, Jan. 4, 1918. Pp. 8.

French railroads must have higher freight rates. Ry. Age Gaz., Dec. 7, 1918. Pp. 3.

Translation from *L'Economiste Français* of September 15, 1917.

Nation's railroads now under government control. Ry. Age, Jan. 4, 1918. Pp. 6, illus.

The next step in railway legislation. Unpopular Rev., Jan.-Mar., 1918. Pp. 9.

Growing power of railway brotherhoods the "state within a state."

1917 a record breaker in locomotive orders. Ry. Age, Jan. 4, 1918. Pp. 6.

Over seventy thousand railway men join colors. Ry. Age, Jan. 4, 1918. Pp. 14.

Statistics given for each road. Illustrated.

Progress in railroad signaling during the year. Ry. Age, Jan. 4, 1918. Pp. 7.

Marked increase in interlocking and block signaling.

Receiverships and foreclosure sales in 1917. Ry. Age, Jan. 4, 1918. Pp. 3.

State purchase of British railways: The price to be paid.—No. 1. Ry. News, Dec. 8, 1917. Pp. 2.

Les projets de relèvement des tarifs de chemins de fer et leurs conséquences. L'Econ. Franç., Sept. 15, 1917. Pp. 4.

Commerce

(Abstracts by H. R. Tosdal)

CORBINO, E. *Per una marina da carico italiana.* Giorn. d. Econ., Oct., 1917. Pp. 13.

What is necessary to build up an Italian merchant marine.

DENNIS, S. A. *When will my business "die"?* System, Oct., 1917.

Interesting statistical analysis of the frequency and cause of failures in various branches of business of a typical city.

DEWAVRIN, M. *Le problème de la marine marchande aux Etats-Unis.* Journ. des Econ., Sept., 1917.

An excellent survey of recent developments in the American merchant marine, dealing first with pre-war conditions; then with the important acts which have been recently enacted, the Ship Registry act, the Seamen's act, and the Administration Ship Purchase bill.

DEUFFS, W. M. *Government control of the wheat trade in the United States.* Am. Econ. Rev., Mar., 1918. Pp. 26.

FAIRCHILD, S. W. *Internal trade promoted by waterways.* Mo. Bull. N. Y. Chamber of Commerce, Nov., 1917. Pp. 7.

Favors increased utilization of waterways to relieve congestion in transportation, and urges necessity of providing terminals and equipment against approaching completion of the enlarged Erie canal.

GUYOT, Y. *La question des sucres en 1917.* Journ. des Econ., Sept., 1917.

Largely retrospective, but asserts that the war is leading to a change in Great Britain's policy with regard to the beet sugar industry along lines strongly suggestive of Germany's sugar policies.

HOLLINGS, S. B. *How wool is sold in Great Britain.* Bull. Nat. Assoc. Wool Mfrs., Oct., 1917. Pp. 8.

First instalment of a description of wool marketing methods in Great Britain, including interesting detail concerning English wool fairs.

KIES, W. S. *Necessary considerations in connection with the development of our export trade.* Econ. Wld., Oct. 13, 1917.

Emphasizes for the benefit of chemical manufacturers the need of greater industrial efficiency in order to advance our foreign trade interests, especially in South America.

MALLET, C. *A plan for British trade.* Nineteenth Cent., Sept., 1917.

MARVIN, W. L. *The wool manufacture in the war.* Bull. Nat. Assoc. Wool Mfrs., Oct., 1917.

Record of work done, July to October, by committees representing wool manufacturers coöperating with the government for the purpose of conserving wool and producing of uniform fabrics for army and navy.

MURPHEY, E. R. *Where to look for new markets.* System, Oct., 1917.

Description of export possibilities and export methods for American manufacturers in the Australasian market.

PAYEN, E. *Le coton pendant la guerre.* L'Econ. Franç., Sept. 22, 1917.

Brief statistical study of the raw cotton market, its regulation in France and England, and its probable future.

PAYEN, E. *Le cuir. Son marché pendant la guerre.* L'Econ. Franç., Nov. 3, 1917. Pp. 2½.

Survey of prices of leather and hides during 1914 and 1915, together with brief description of government regulation of shoe and leather industry in France.

PLEHN, C. C. *The state market commission of California.* Am. Econ. Rev., Mar., 1918. Pp. 27.

RAFFALOVICH, A. *Le contrôle du commerce et de l'industrie par l'état.* Journ. des Econ., Sept., 1917.

Presents the list of grievances of London middlemen to the effect that the English government has not understood their functions nor taken proper account of their ability to assist in the regulation of trade during the war.

TOSDAL, H. R. *Price maintenance.* Am. Econ. Rev., Mar., 1918. Pp. 24.

ZIMMERMAN, E. W. *Recent developments in trade with South America.* Modern Business; Supplement, July-Sept., 1917. Pp. 16.

Statistical analysis of trade with South America during the war, showing increased excess of imports and comparatively small growth of exports.

Ford Company wins price maintenance suit. Pubs. Wkly., Oct. 27, 1917. Pp. 1½.

Ford Company's agency contract upheld by United States Circuit

Court of Appeals as valid means of restricting resale prices, in suit against Portland, Oregon, dealer who had cut prices.

The regulation of the fruit trade. Intern. Rev. Agri. Econ., July, 1917.

Describes tendency to regulate and stabilize fruit trade in the United States, special attention being directed toward the activities of the Office of Markets and Rural Organization and to the California act of 1915 relating to the fruit trade.

Accounting

(Abstracts by Martin J. Shugrue)

BELSER, F. C. *The elements of cost accounting.* Journ. Account., Nov., 1917.

Outlines the three basis systems of cost accounting: (a) predetermined estimates, (b) process costs, (c) order costs; and explains the general order of procedure in laying out a cost system under each plan.

BOURKE, R. W. *Property accounting in the city of New York.* Journ. Account., Nov., 1917. Pp. 13.

The importance of keeping a strict record of equipment-in-service, such as machinery, vehicles, tools, and other apparatus, and practical methods for obtaining accurate results. Principles applicable to all governmental units.

BREWER, A. F. *Comparison of appraisal methods.* Indus. Management, Nov., 1917. Pp. 5.

Comparison of accepted appraisal methods in the case of public utilities and others that have been suggested for industrial application.

GILL, F., and COOK, W. W. *Principles involved in computing the depreciation of plant.* Journ. Inst. Elec. Engrs., Feb., Mar., May, 1917.

Discusses the functions of the engineer, the financier, and the accountant in providing the necessary information involved in computing the depreciation of plant. Diagrams.

GUIGNON, F. A. *A semi-automatic cost system.* Indus. Management, Dec., 1917. Pp. 3½.

By a set of eleven tables the author shows a method of cross-posting shop costs accounts intended to help the inexperienced cost clerk in handling his records, and to assist the shop manager in understanding the make-up of figures presented to him.

HAND, G. C. *The depreciation of railroad property.* Ry. Age Gaz., Dec. 7, 1917. Pp. 3½.

Points out the relation between value and depreciation and makes a number of interesting original suggestions.

JUSTIN, W. H. *Valuation of futures in flour mill accounting.* Journ. Account., Dec., 1917. Pp. 8.

Price fixing of wheat and flour by the government necessitates a great deal of cost finding and profits finding. Explains by means of statements and formulas how to determine value of futures.

KRACKE, E. A. *Uniform cost accounting for milk distributors.* Journ. Account., Dec., 1917. Pp. 6.

The classification and nature of information such a system should comprehend.

McKAY, C. W. *Fundamentals of industrial appraisement.* Indus. Management, Nov., 1917. Pp. 8.

Explanations and definitions of basic terms. Other articles on the same subject are to follow.

PERRILL, D. M. *Lodge and Shipley control system.* Indus. Management, Dec., 1917. Pp. 10.

A perpetual inventory system for keeping records of raw material and finished parts in use in an actual machine tool factory. Illustrations and diagrams showing what the system is, how it works, and the results obtained.

SEIDMAN, F. E. *Depreciation accounting for public utility companies.* Journ. Account., Nov., 1917. Pp. 10.

Actual accounting methods to be employed in recording depreciation, illustrated by journal entries.

SMITH, C. G. *Cost accounting for oil producers.* Dept. of Interior Bull. 158; Petroleum Technology 43. Oct., 1917. Pp. 123.

Contains descriptions, illustrations, and discussions of balance sheets, profit-and-loss statements, and bookkeeping methods peculiarly adapted to the oil business. As far as possible, technical phrases have been omitted.

STOEK, H. H. *Cost accounting for mine engineers.* Coal Age, Sept. 8, 1917.

Treats the subject from the point of view of an engineer.

Investments

(Abstracts by Arthur S. Dewing)

ELDRIDGE, M. O. *Serial bonds for road building save money.* Engg. News-Record, Aug. 30, 1917.

Uses same reasoning as has been covered before on serial municipals.

WILLCOX, O. B. *Report of public service securities committee.* I. B. A. of A. Bull., Dec. 5, 1917.

A brief but comprehensive outline of changes in the status of public investments during the current year.

Bankers report on railroad securities. Ry. Age Gaz., Nov. 16, 1917.

Railroad credit as a whole poor. Suggests things that must be done to restore it.

The war tax an index to investment. Annalist, Nov. 26, 1917.

Discussion of various types of bonds with respect to conversion into other types so far as such conversion affects income taxes.

Corporations and Trusts

(Abstracts by Arthur S. Dewing)

SLICHTER, S. H. *The legality of the combination of competitors under the Sherman act.* Journ. Pol. Econ., Oct., 1917.

A comprehensive article which classifies the confusion of issues involved in the Supreme Court decision under the Sherman act.

STAACKS, W. *The equipment companies.* Invest. Wkly., Dec. 15, 1917.

Suggests that these will enjoy unprecedented and prolonged prosperity due to governmental rehabilitation of the railroad.

WILLOUGHBY, W. F. *The national government as a holding corporation.* Pol. Sci. Quart., Dec., 1917.

Suggests government operate various "services" as corporate business enterprises. Loans from the Treasury for development.

Public Utilities

(Abstracts by Ralph E. Heilman)

ALVORD, J. W. *Recent progress and tendencies in municipal water supply in the United States.* Journ. Am. Water Works Assoc., Sept., 1917.

Traces the progress of the past few years in the direction of the development of new supplies, radical new methods of water purification, new developments in pumping machinery, and measures to reduce water waste.

CHESTER, J. N. *The service charge—how constituted.* Journ. Am. Water Works Assoc., Sept., 1917.

The service charge is regarded as the minimum charge, made to cover certain necessary outlays. It should include the "consumer charge" and the "capacity charge," the unregistered water being accounted for in the "output charge."

ELLISON, W. B. *Cost of acquisition by the City of New York of all its public utilities.* Econ. Wld., Oct. 27, 1917.

Estimates the cost of acquiring the property of all public utilities in greater New York (as advocated by the local Democratic platform in the last municipal election) at \$1,190,000,000, which is more than the present bonded debt of the city.

HOLLIDAY, C. *Street cars eighty-five years old.* Elec. Ry. Journ., Nov. 17, 1917.

An interesting brief description of early street cars in New York.

KING. *Electric rates and their tendencies.* Utilities Mag., Oct., 1917.

Concludes that the average price of all current sold declined steadily, as a rule, up to June 30, 1916, and that the rate fell for all classes of patrons except for cities.

MACLEOD, F. J. *State aid for physical improvements.* Elec. Ry. Journ., Dec. 8, 1917.

Chairman McLeod, of the Massachusetts Public Service Commission, suggests rehabilitation through state credit, the state to act as banker, supplying needed property upon an instalment equipment-

trust plan of purchase, the state giving to the companies the benefits of its better credit.

NASH, L. R. *David and Goliath of electric railway era.* Stone & Webster Journ., Oct., 1917.

A description of the movement for 6-cent fares on street and electric railways.

NELBY, R. C. *Laws and Supreme Court decisions affecting utility companies.* Elec. Rev. & Western Elec., May 5, 1917.

POLLARD, J. F. *Service extension problems in California.* Elec. Wld., Dec. 8, 1917.

The California commission rules that utilities must pay the cost of extensions within the corporate limits, when operating under a general franchise.

WILCOX, D. F. *Flexible fare is desirable.* Elec. Ry. Journ., Nov. 17, 1917.

Fare frequently needs to be modified to meet changing conditions.

WILLCOX, O. B. *Utility growth is vital to nation.* Elec. Ry. Journ., Nov. 17, 1917.

The necessity of higher rates and additional capital for electric railways and other utilities.

Analysis of 1000-kw. plant's revenue and expense. Elec. Wld., Nov. 24, 1917.

Figures of one "typical" plant, presented to show effect of high prices upon operating costs, and to show that requests for increased rates will be justified for many mid-western companies.

Depreciation and rate making. Elec. Ry. Journ., Dec. 1, 1917.

Summary of discussion by New England Street Railway Club, on important phases of this topic.

Engineers condemn city utilities. Pub. Serv. Mag., Dec., 1917.

Analysis of the report of Mead and Seastone, engineers, regarding the three municipal utilities—electric, water and gas—of Hamilton, Ohio.

State rate-making power upheld by commission. Elec. Ry. Journ., Nov. 24, 1917.

The New York Second District Commission rules that it has power to advance street railway fares to 6 cents, in spite of the 5-cent provision in the state railroad law, and in the municipal franchise.

Task of the utilities is education of the public. Elec. Ry. Journ., Nov. 3, 1917.

The necessity of wider publicity regarding increasing costs of operation, and the necessity for an advance in fares.

Labor and Labor Organizations

(Abstracts by George E. Barnett)

BRYAN, W. E. *The eight-hour law.* Am. Federationist, Dec., 1917. Pp. 14.

Correspondence and other documents relating to the enforcement of the law in leather-working establishments.

CHANEY, L. W. *Trend of accident frequency rates in the iron and steel industry during the war period.* Mo. Rev. U. S. Bureau Labor Stat., Nov., 1917. Pp. 9.

EMMET, B. *Piece-rate wage systems in the men's clothing industry.* Mo. Rev. U. S. Bureau Labor Stat., Nov., 1917. Pp. 13.

Describes systems in three important establishments.

FITCH, J. A. *The American Federation of Labor.* Nation, Nov. 29, 1917. Pp. 2.

A review of the proceedings of the 1917 convention.

FITCH, J. A. *Two years of the Rockefeller plan.* Survey, Oct. 6, 1917. Pp. 7.

Records great improvements, but expresses doubt as to the final outcome.

JACQ, F. *La commercialisation des syndicats professionnels.* Journ. des Econ., Oct. 15, 1917. Pp. 15.

Detailed criticism of the proposed law extending the contractual powers of French trade unions.

KITCHIN, F. H. *The troubles and desires of labor.* Fortn. Rev., Oct., 1917.

MARTLEY, W. G. *Seamen ashore in the port of London.* Charity Organ. Rev., Nov., 1917. Pp. 14.

Discusses the changes made by the war.

MOULTON, H. G. *Industrial conscription.* Journ. Pol. Econ., Nov., 1917. Pp. 28.

Urges the transformation of non-essential industries by conscription.

ROWNTREE, S. *Labour unrest.* Contemp. Rev., Oct., 1917.

SQUIRES, B. M. *Productivity and cost of labor in the lumber industry.* Mo. Rev. U. S. Bureau Labor Stat., Oct., 1917. Pp. 15.

An analysis of wages, hours and output, based on a study of twenty-six saw-mills.

SULLIVAN, J. W. *There is no shortage of labor.* Am. Federationist, Oct., 1917. Pp. 4.

WEBB, S. *The British labour movement under war pressure.* Scientia, July, 1917.

In spite of the increase in the cost of living, the wage-earning class seems to be considerably better off in 1917 than in 1913.

WEBB, S. *The new British labor party.* New Repub., Dec. 8, 1917. Pp. 4.

The proposed reorganization will include the Trade-Union Congress and the Coöperative Union.

WEHLE, L. B. *The adjustment of labor disputes in the United States during the war.* Quart. Journ. Econ., Nov., 1917. Pp. 23.

Describes the organization which has been effected for dealing with disputes on government work.

WEBA, E. *A piece-profit system of wage payment.* Indus. Management, Nov., 1917. Pp. 6.

A new ideal for the labor unions. Eng. & Min. Journ., Sept., 1917.

Analysis of some of the existing defects, and an outline of a plan for labor unions.

Are women being employed to replace soldiers? Greater N. Y., Nov. 12, 1917. Pp. 5.

The results of an investigation by the Industrial Bureau of the Merchants' Association of New York.

The Australian labour movement. New Statesman, Oct. 20, 1917. Pp. 2.

Discusses the causes of the recent defeat of the Labour party.

Extension of the employment of women. Labour Gaz. (London), Nov., 1917. Detailed statistical data for England.

How British industry was adapted to the war. Greater N. Y., Nov. 26, 1917. Pp. 8.

Labor's internal relations. Am. Federationist, Nov., 1917. Pp. 27.

Communications between the A. F. of L. and foreign labor organizations.

The labor troubles at Butte. Mining & Scientific Press, Sept., 1917.

History of the difficulties with the Butte labor unions.

Proceedings of the fifth annual meeting of the American Association of Public Employment Offices. Mo. Rev. Bureau Labor Stat., Nov., 1917. Pp. 15.

Work of federal, state, and municipal employment offices in the United States and of provincial employment offices in Canada. Mo. Rev. U. S. Bureau Labor Stat., Oct., 1917. Pp. 11.

Les salaires et le coût de la vie. Aujourd'hui et demain. L'Econ. Franç., Nov. 24, 1917. Pp. 3.

The cost of living has risen more than wages except in the war industries.

Money, Credit, and Banking

(Abstracts by Chester A. Phillips)

AGGER, E. E. *The credit basis of commercial paper.* Journ. Am. Bankers Assoc., Nov., 1917. Pp. 2.

The development of sound commercial paper that may be used as a basis of a broad rediscounting system or of an open discount market requires either minimizing the purely personal element in credit or a buttressing of it adequate to insure its ultimate solidity.

BLAIR, F. W. *Should trust companies join the reserve system?* Trust Companies, Oct., 1917. Pp. 3.

BRADY, J. E. *Acceptances under the federal reserve act.* Banking Law Journ., Oct., 1917. Pp. 5.

Mainly an analysis of limitations on loans by national banks and rediscounts by federal reserve banks.

BURRELL, H. V. *A critical estimation of the services of British banking to the trade of the country at home and abroad.* Journ. Inst. Bankers, Nov., 1917. Pp. 20.

A critical and appreciative discussion of the services of the joint-stock banks to English agriculture, trade, industry, and finance.

CASSEL, G. *The depreciation of gold.* Econ. Journ., Sept., 1917. Pp. 9.

DAVENPORT, H. J. *Is 16 to 1 to become a fact?* Annalist, Oct. 15, 1917. P. 1.

During the present period of rising prices the wisdom of bimetallism varies inversely with its practicability.

DEL VECCHIO, G. *Questioni fondamentali sul valore della moneta.* Giorn. d. Econ., Sept., 1917. Pp. 58.

The theory of the value of money studies by way of a critical survey of the writings of Von Mises, Knapp, Wicksell, Böhm-Bawerk, and others.

FORD, W. F. *Prices as affected by currency inflation.* Quart. Rev., July, 1917.

FOXWELL, H. S. *Inflation: in what sense it exists; how far it can be controlled.* Journ. Inst. Actuaries, Oct., 1917. Pp. 16.

An appraisal of the influences underlying inflation in England. Correctives must be international in scope and character.

HAYMAKER, K. V. *Some features of building association evolution.* Am. Bldg. Assoc. News, Oct., 1917. Pp. 10.

The evolution and growth of building and loan associations with suggestions for increasing their activity and influence.

HOLDEN, E. *German, American and British finance.* Wealth of India, Aug., 1917. Pp. 12.

A sweeping survey of banking and government finance chiefly in Germany and the United States since August, 1914.

LUDWIG, A. *Are school savings banks worth while—to the banker?* Bankers' Mag., Dec., 1917. Pp. 3.

An account of organization and operation.

MILLER, A. C. *War finance and prevention of bank and credit inflation.* Trust Companies, Nov., 1917. Pp. 6.

Savings and current income must be relied upon to hold inflation in check.

MOOREHEAD, J. R. *The building and loan association and community development.* Am. Bldg. Assoc. News, Nov., 1917. Pp. 5.

MOSELY, H. *The German method of banking and how it is designed to help commerce and industry.* Journ. Inst. Bankers, Nov., 1917. Pp. 12.

The relation of German banks to trade and industry. The functions of the British Trade Corporation.

PALGRAVE, SIR R. H. INGLIS. *The influence of the currency notes on prices.* Bankers' Mag. (London), Dec., 1917. Pp. 6.

PIERSON, L. E. *The national campaign for the general adoption of trade acceptances.* Econ. Wld., Nov. 3, 1917. Pp. 3.

PIGOU, A. C. *The value of money.* Quart. Journ. Econ., Nov., 1917. Pp. 27.

An attempt to provide "a more completely fool-proof" device or formula for logically holding together the factors upon which the value of money depends.

RAFFALOVICH, A. *Les dissentiments dans la question du change entre les Allemands et les Autrichiens*. L'Econ. Franç., Dec. 1, 1917. Pp. 2.

RAFFALOVICH, A. *L'inflation et les prix*. L'Econ. Franç., Nov. 10, 1917. Pp. 3.

The extent and causes of inflation in leading countries. Apprehensive observations as to probable currency conditions after the war.

WAGEL, S. R. *The future of silver and the influence of war on coinage and reserves*. Journ. Am. Bankers' Assoc., Nov., 1917. Pp. 3.

Silver will be needed to support the plethoric paper money in circulation after the war, but there is no possibility of a return of bi-metallism.

WHITE, B. *The Indian currency problem*. Bankers' Mag. (London), Oct., 1917. Pp. 7.

Advocates the issue of small notes by the Indian government as a supplement to silver.

The activity of the peasants' land bank. Intern. Rev. Agri. Econ., Aug., 1917. Pp. 13.

Real estate operations of the Peasants' Land Bank of Russia, 1907-1915.

Bank of the Netherlands, 1916-1917. Bankers' Mag. (London), Nov., 1917.

Review of banking and economic conditions in the Netherlands, 1916-17.

Bank of the Netherlands, 1916-1917. Bankers' Mag. (London), Dec., 1917. Pp. 21.

Governor Strong's address. Journ. Am. Bankers' Assoc., Oct., 1917. Pp. 3.

The functions of the federal reserve system in relation to government financing.

Imperial bank of Germany. Bankers' Mag. (London), Oct., 1917. Pp. 36.

A translation of the report submitted to the general meeting, March 31, 1917.

The national institute of credit for coöperative societies and the national bank of Italian rural funds in 1916. Intern. Rev. Agri. Econ., July, 1917. Pp. 6.

Le renouvellement du privilège de la Banque de France. L'Econ. Franç., Sept. 29, 1917. Pp. 3.

Laudation of the wartime services of the Bank of France.

State banks and membership in the federal reserve system. Journ. Am. Bankers' Assoc., Nov., 1917. Pp. 6.

Legal and practical advantages and disadvantages of such membership as seen in the light of the recent amendments to the Federal Reserve act.

Trade acceptances in the working. Annalist, Nov. 12, 1917. P. 1.

Actual experiences of a few concerns.

War causes currency increase abroad. Annalist, Dec. 17, 1917. Pp. 2.

War may change federal reserve act. Annalist, Nov. 19, 1917. Pp. 2.

Urges as a wartime measure that member banks in the federal reserve system be allowed to borrow from the regional banks on collateral consisting of special issues of short-term obligations of railway and industrial corporations.

Public Finance

(Abstracts by Charles P. Huse)

ANDERSON, F. F. *Fundamental factors in war finance*. Journ. Pol. Econ., Nov., 1917. Pp. 31.

Recommends financing the war from taxes, borrowing on short-term bonds, not exempt from taxation, only to cover temporary deficits.

BLACKETT, B. P. *What has been done in Great Britain with war savings certificates*. Econ. Wld., Oct. 27, 1917. Pp. 3.

Describes the certificates and the war-savings associations. \$500,000,000 has been raised in this way.

BOSTWICK, A. L. *Permanent assessment boards to act in street opening and widening cases*. Munic. Journ., Aug. 30, 1917. Pp. 200.

Describes laws and practices in eight large cities, and the law proposed for St. Louis.

BRAND, H. R. *Problems relating to financing foreign governments*. Bankers Mag., Nov., 1917. Pp. 11.

England has met the cost of the war by stopping capital creation and by limiting unnecessary consumption. In bringing aid to her allies, the United States must adopt similar measures.

CHANCELLOR, W. E. *Our national income and the war tax*. Annalist, Nov. 12, 1917.

Our national income, wisely taxed, is ample to meet our war expenditures.

DOUCET, R. *L'emprunt*. Monde Econ., Nov. 3, 1917. Pp. 3.

Discusses various plans for the next French loan.

DOUGLAS, P. H. *Tax reform in Maine*. Bull. Nat. Tax Assoc., Nov., 1917. Pp. 4.

A critical account of the recent attempt to introduce the three-mill tax on intangible personalty.

DURAND, E. D. *Taxation versus bond issues for financing the war*. Journ. Pol. Econ., Nov., 1917. Pp. 29.

Social justice demands that the larger part of the war's expenditures be raised by taxation.

FALCK, E. *Le projet d'impôts nouveaux*. Journ. des Econ., Sept., 1917. Pp. 11.

A critical discussion of proposed new taxes in France, with a plea for economic regeneration as a means of solving financial problems.

HAMBURG, A. M. *Limitations on the federal taxing power*. Bull. Nat. Tax Assoc., Nov., 1917. Pp. 6.

Discusses the recent decision of the Supreme Court that the taxing power of Congress is not limited by the due process clause.

HINEMAN, G. E. *Legal phases of state income taxation of miscellaneous corporations.* Bull. Nat. Tax Assoc., Nov., 1917. Pp. 4.

Describes the Connecticut income tax on corporations, with special reference to legal aspects.

HOLCOMB, A. E. *The war revenue act.* Bull. Nat. Tax Assoc., Nov., 1917. Pp. 5.

A concise description of most of the new taxes.

JÈZE, G. *Le contrôle préventif de l'engagement des dépenses en Italie.* Rev. Sci. Légis. Finan., July-Aug.-Sept., 1917. Pp. 34.

A study of the working of the laws providing for control of expenditures in Italy reveals that they are often ineffective.

JÈZE, G. *Les finances de guerre de la France: politique financière en 1915 et 1916.* Rev. Sci. Légis. Finan., July-Aug.-Sept., 1917. Pp. 32.

By the early adoption of heavy war taxes France could have avoided much economic waste and injustice.

KNIGHT, S. *The income tax schedules of the war revenue act of 1917 and the second liberty loan with supertaxes.* Journ. Am. Bankers Assoc., Oct., 1917. Pp. 7.

Statistical tables reveal that individuals with incomes over \$100,000 will gain by purchasing the tax exempt $3\frac{1}{2}$ per cents instead of the 4s.

PATTEN, S. N. *Manderville in the twentieth century.* Am. Econ. Rev., Mar., 1918. Pp. 11.

RIGHTOR, C. E. *Recent progress in budget making and accounting.* Nat. Munic. Rev., Nov., 1917. Pp. 13.

Steady progress is being made in the adoption by states, cities, towns, and counties of scientific budget principles.

SECRIST, H. *Fundamentals of war finance.* Bull. Nat. Tax Assoc., Nov., 1917. Pp. 8.

Meeting war expenditures from taxes rather than loans is more just and more expedient.

TAUSSIG, F. W. *The war tax act of 1917.* Quart. Journ. Econ., Nov., 1917. Pp. 37.

A critical discussion of the war revenue act, its history, and comparison with recent acts.

WALKER, R. *Ramifications of new federal income and "excess profits" tax laws.* Trust Companies, Oct., 1917. Pp. 5.

Severe criticism of excess profits tax on salaries and professional income.

YOUNGMAN, A. *The revenue system of Kentucky: a study in state finance.* Quart. Journ. Econ., Nov., 1917. Pp. 64.

A critical study of the Kentucky tax system, with special attention to recent changes and suggestions for reform.

L'exploitation du monopole des allumettes. L'Econ. Franç., Sept. 15, 1917.

Detailed expenditures and receipts of the French monopoly on matches in the years immediately preceding the war.

Les finances de guerre de l'Angleterre: la progression et le contrôle des dépenses publiques. Rev. Sci. Legis. Finan., July-Aug.-Sept., 1917. Pp. 29.

Describes growth of British expenditures and methods of securing legislative control over them, both before and during the war.

German periodicals. Econ. Journ., Sept., 1917. Pp. 9.

A description of Germany's war taxes and a discussion of her economic position after the war, based on articles in German periodicals.

The great crisis. XL. *The new government loan.* Bankers' Mag. (London), Nov., 1917. Pp. 9.

Gives the details of the last British loan.

How New York's budget is made. Annalist, Oct. 8, 1917. Pp. 2.

Traces development of New York City's budget system from its beginning in 1830 to the present.

An official statement of the method of computing the war excess profits tax. Econ. Wld., Dec. 1, 1917. Pp. 2.

A useful formula from an official source.

Le produit des contributions indirectes pendant l'année 1916. L'Econ. Franç., Oct. 13, 1917. Pp. 4.

A statistical analysis of the productivity of the various indirect taxes in France.

Revenue law administrative reforms advocated. Greater N. Y., Dec. 10, 1917.

Merchants' Association suggests amendments to bill prepared by United States Tariff Commission for revision of administrative sections of tariff law.

Some workings of the excess-profits tax. Annalist, Oct. 29, 1917. Pp. 2.

An attempt to apply the excess profits tax to concrete cases.

Turkey's financial position. Econ. Journ., Sept., 1917. Pp. 4.

Turkey has met her war expenses largely through loans from Germany and the issue of paper money.

Population and Migration

(Abstracts by A. B. Wolfe)

BANKER, H. J. *Coeducation and eugenics.* Journ. Heredity, May, 1917. Pp. 7.

BEAUCOURT, MARQUIS DE. *Le problème de la vie chère et les familles nombreuses.* Réf. Soc., Dec., 1916. Pp. 10.

BROWNLEE, J. *The relation of infant mortality to mortality in subsequent life.* Journ. Royal Stat. Soc., Mar., 1917. Pp. 21.

An able paper bearing on the Pearson theory of selective death rates and concluding that every method thus far proposed to measure the selective death rate is of doubtful validity.

BRUN, C. *Le régionalisme et les familles nombreuses.* Réf. Soc., Mar., 1917.

BUDGE, S. *Krieg und das Bevölkerungsproblem.* Archiv für Sozialw. und Sozialpol., Nov., 1916.

Polygamy would be less effective in restoring population than would raising the legal and social status of unmarried mothers and illegitimate children. The chief impulse to population-increase must come from the creation of more capital. Does not expect much from taxation devices.

CARLI, F. *Le leggi della popolazione et il problema della pace*. Rev. Ital. Soc., Jan.-Feb., 1917.

CARVER, T. N. *The probable effects of the European war upon the distribution of population*. Scientia, I, 1917.

Considers the probable effects of the war on migration to the United States.

CHALMERS, A. K. *The declining birth rate; its causes and effects*. Eugenics Rev., Jan., 1917.

DARWIN, L. *The dysgenic effects of venereal disease*. Eugenics Rev., July, 1917. Pp. 11.

DARWIN, L. *Quality not quantity*. Eugenics Rev., Jan., 1917.

DARWIN, L., HARRIS, P., and others. *Galton anniversary: discussion on the disabled sailor and soldier and the future of the race*. Eugenics Rev., Apr., 1917. Pp. 17.

DAVENPORT, C. B. *The effects of race intermingling*. Am. Phil. Soc. Pro., Vol. LVI, No. 4, 1917. Pp. 6.

Racial intermixture usually spells disharmony of physical, mental, and temperamental qualities, as well as disharmony with environment, but if new intermingling is stopped, *e.g.*, by cutting off immigration, and eugenical mating ensues, strains may arise which are superior to those which arise in an unhybridized society.

DAVENPORT, C. B. *The inheritance of stature*. Genetics, July, 1917. Pp. 73.

THE DEAN OF ST. PAUL'S. *The birth-rate*. Edinb. Rev., Jan., 1917.

The British empire is in no immediate danger of over-population. Eventually a static balance between population and resources will be reached.

DESCOMBES, P. *Le déficit de la population dans les régions montagneuses*. Journ. Soc. Stat. Paris, Feb., 1917.

ELLIS, H. *Birth control and eugenics*. Eugenics Rev., Apr., 1917. Pp. 10.

An important article. Birth control is the key to that practical control over procreation upon which eugenics must rest—"without any vain struggles to attain an ascetic ideal or any wasteful impoverishment of physical or spiritual well-being."

FAIRCHILD, H. P. *The literacy test in the making*. Quart. Journ. Econ., May, 1917. Pp. 14.

A brief history of the literacy test in Congress and of the vetoes of Cleveland, Taft, and Wilson.

GILLETTE, J. M. *A study in social dynamics: a statistical determination of the rate of natural increase, and of the factors accounting for the increase of*

the population of the United States. Quart. Pub. Am. Stat. Soc., Dec., 1916. Pp. 36.

Concludes, on the basis of rather intricate analysis of census returns, that the rural rate of natural increase is about twice the urban. Urban increase is due 41 per cent to immigration, 39.7 per cent to rural migration, 7.8 per cent to incorporation, and 29.5 per cent to natural increase.

GINTI, C. *Sull'aumento di mortalità determinato dalla guerra.* Riv. Ital. di Soc., Sept.-Dec., 1916. Pp. 8.

GODDARD, H. H. *Mental tests and the immigrant.* Journ. Delinquency, Sept., 1917. Pp. 34.

A study of six small highly selected groups, four of "average normals" and two of "apparent defectives," at Ellis Island. Concludes that mental tests can be used on immigrants but that much study is necessary to develop a completely satisfactory scale. Points to the probability that the average immigrant is perhaps as low as moron grade.

GOMPERS, S. *Immigration legislation effected.* Am. Federationist, Mar., 1917. Pp. 7.

The literacy test completes the specific legislation demanded by the A. F. of L. in its Bill of Grievances in 1906.

GONNARD, R. *L'émigration française jusqu'au XVIIIe siècle.* Rev. d'Econ. Pol., July-Aug., 1916. Pp. 22.

HOFFMAN, F. L. *Statistics of suicides in the United States in 1916.* Spectator, Nov. 1, 1917.

The suicide rate was lower in 1916 than in 1915, but 1911-1915 shows an increase over both 1901-1905 and 1906-1910. The rate in Pacific Coast cities is higher than in eastern cities throughout. An abstract of this article appears in the *Economic World*, Nov. 10, 1917.

GOTTO, O. B. E. *The eugenic principle in social reconstruction.* Eugenics Rev., Oct., 1917. Pp. 23.

A well constructed article on the eugenic point of view in government organization and legislation.

HOLLINGSWORTH, L. S. *Social devices for impelling women to bear and rear children.* Am. Journ. Sociol., July, 1916. Pp. 11.

The number of traditional shibboleths and social conventions emphasizing the duty and joys of motherhood, the legal restrictions on knowledge of contraceptives, and the conspiracy of silence concerning the vital costs of maternity indicate that the maternal instinct is not so strong and dependable as some would believe.

INSOLERA, F. *Sulle nuove tavole italiane di mortalità.* Giorn. d. Econ., Oct., 1917. Pp. 13.

The new mortality tables were prepared under authority of the Direzione Generale della Statistica e del Lavoro (1917).

IRWIN, W. *War and the race.* Advocate of Peace, Feb., 1917. Pp. 2.

Discusses the losses in the present war from the standpoint of their effect upon the quality of the race.

JEFFERSON, M. *The distribution of British cities and the Empire*. Geog. Rev., Nov., 1917. Pp. 8.

England's cities "swarm" upon her coalfields, which drove her to manufacturing and foreign commerce and created the British Empire.

KELLER, A. G. *Birth control*. Yale Rev., Oct., 1917. Pp. 11.

If we can strengthen the land side of the numbers-land ratio, we can stave off restriction of numbers; but if the pinch comes, and restriction is the only alleviation, it looks as if restriction would win an easy victory, whether we now like that prospect or not.

KNOFF, A. S. *Birth control in its medical, social, economic, and moral aspects*. Am. Journ. Pub. Health, Feb., 1917. Pp. 21.

A powerful argument for birth control. Also published in *Public Health Journal*, May, 1917.

MEDA, C. *Un grave problema sociale: la crisi della popolazione in Francia*. Riv. Intern., Oct., 1917. Pp. 15.

MERRILL, T. C. *A population crisis in France*. Advocate of Peace, Oct., 1917.

MICHEL, R. *Cenni sulle migrazioni e sul movimento di popolazione durante la guerra europea*. Rif. Soc., Jan.-Feb., 1917.

Consideration, resting on much concrete information, of a number of special population problems, such as the economic and political causes of migration in war time; the probable tendencies of immigration after the war; the effects, upon reproduction, of the gathering of men as war prisoners; the present increased diffusion of venereal diseases in its relation to reproduction; general natality and mortality during the war.

NICOLA, G. B. *L'emigrazione degli analfabeti e l'anima americana*. Riv. Intern., March, 1917. Pp. 12.

A discussion of American ideals in emigration legislation, as reflected in the "literacy test." While Italy hopes that Italians in the United States may retain their nationality, the people of the United States desire assimilation.

O'HARA, F. *The restriction of immigration*. Catholic World, Dec., 1916. Pp. 13.

An interesting review of recent literature, by an anti-restrictionist.

PARSONS, E. C. *Feminism and the family*. Intern. Journ. Ethics, Oct., 1917.

Ultimately the state must place the responsibility for the existence and care of the child upon the mother. To this desirable end some scheme of maternity insurance is to be recommended.

PICARD, E. *La repopulation française*. Rev. Deux Mondes, Jan. 15, 1917.

Among other reforms, a man should have as many votes as he has children.

RITTENHOUSE, E. E. *The problem of national vitality raised by the army and navy physical examinations*. Econ. Wld., Oct. 27, 1917. Pp. 2.

Out of approximately 1,300,000 volunteers, 66 per cent were re-

jected. This would indicate that we have about 5,000,000 men, aged 21 to 31, who are physically unfit for military service. The general vital effect of the war will be unfavorable.

SANGER, M. *The fight for birth control*. Physical Culture, Apr., 1917. Pp. 8.

SCROGGS, W. O. *Interstate migration of negro population*. Journ. Pol. Econ., Dec., 1917. Pp. 10.

A historical review of negro migration, showing that it is no new phenomenon.

SHAH, P. G. *The population problem in India*. Wealth of India, Nov., 1916.

SIMON, P. *Les moyens de relever la natalité chez les peuples civilisés*. Rev. d'Econ. Pol., Mar.-April, 1916. Pp. 19.

SPALDING, H. S. *Ethics and the neo-malthusianism*. Am. Journ. Sociol., Mar., 1917. Pp. 7.

Neo-malthusianism has no solution for the complex evils of the poor man, nor will it ever meet the approval of the Catholic church.

SPRAGUE, R. J. *The constructive aspect of birth control*. Journ. Heredity, Feb., 1917. Pp. 5.

TRAP, C. *Russiske og Krigsindvandrede Jøder i Kjöbenhavn efter Folketællingen 1916*. Nat. ök. Tids., July-October, 1917. Pp. 26.

A statistical study of the Jews who have come to Copenhagen after the outbreak of the war, as to age groups, marital condition, occupation, incomes, wealth, rooms occupied, etc. The recent immigrants are of a higher type socially and economically.

WARD, J. *Personality the final aim of eugenics*. Hibbert Journ., July, 1917. Pp. 12.

WARD, R. DE C. *Immigration after the war*. Journ. Heredity, Apr., 1917. Pp. 7.

WHETHAM, W. O. D. *The war and the race*. Quart. Rev., Jan., 1917.

Advocates pensioning soldiers and sailors according to the number of their children, and exemption from income taxation on the same basis.

WOLFE, A. B. *Economic conditions and the birth-rate after the war*. Journ. Pol. Econ., June, 1917. Pp. 21.

Economic and psychic conditions will prevent the normal rebound of the birth rate after the war.

"X." *La question de la dépopulation*. Rev. d'Econ. Pol., Sept.-Dec., 1916. Pp. 14.

Written by an officer—a doctor of science—in the trenches. Breaks no new ground, either in analysis of conditions or in remedies proposed.

Large families. Journ. Heredity, July, 1917. Pp. 4.

Symposium. The cost of living and of marrying. Catholic Charities Rev., Nov., 1917. Pp. 7.

A series of interesting personal views as to the ethics of marrying on a small income.

Housing

(Abstracts by James Ford)

BETHAM, E. *State housing (rural)*. Contemp. Rev., June, 1917. Pp. 7.

Outlines concisely the Minority Report of the Departmental Committee on the Employment of Sailors and Soldiers on the Land—a scheme for constructing 200,000 cottages for agricultural laborers.

BOSANQUET, H. *Housing conditions in London*. Econ. Journ., Sept., 1917. Pp. 15.

Study of rents, overcrowding and migration in London, based on an investigation made by authorities of 27 London boroughs.

CHENEY, C. H. *Procedure for zoning or districting of cities*. Bull. No. 2, California Conference on City Planning, Sept., 1917. Pp. 15.

Special reference to zoning in California.

DAVIS, E. H. *Zoning*. St. Louis Pub. Lib. Bull., July, 1917. Pp. 40.

Completion of zoning laws and ordinances of American states and cities—very brief and imperfect.

DAVISON, R. L. *A check list of the principal housing developments in the United States, alphabetically arranged and prepared . . . from material in the Social Ethics Library and Social Museum, Harvard University*. Architectural Rev., Apr., 1917. Pp. 8.

Especially devoted to the subject of low-cost houses.

EHLERS, V. M. *Home sanitation*. Bull. Texas State Board of Health, 1917.

Improved sewage disposal and well protection for rural homes.

FEISS, P. L. *The Cleveland Homes Company. A plan for housing Cleveland's workers*. Privately printed. Oct., 1917. Pp. 9.

Sketch of a limited dividend company for construction of dwellings.

HAMLIN, W. A. *Low-cost cottage construction in America*. Pub. Dept. of Social Ethics in Harvard Univ., No. 7, Dec., 1917. Pp. 34.

Analysis of architectural, economic, and social factors in detached and semidetached houses costing \$2500 or less, represented in the Harvard Social Museum. Useful illustrations and summary tables.

HEADLEY, M. *A study of housing conditions made for the New York State Department of Health*. Issued by the Div. of Pub. Health Educ. Pp. 33.

Village and rural housing in Sullivan and Ulster counties, New York. Conditions of sanitation and maintenance of rooming and boarding houses especially noted.

IHLLER, J. *Government aid to housing in wartime and after*. Journ. Am. Inst. Architects, Oct., 1917. Pp. 2.IHLLER, J. *Old dwellings for new. Effect of the Lawson act in New York*. Nat. Munic. Rev., Nov., 1917. Pp. 5.

Conversion of single-family houses to be used by three families.

IHLLER, J. *Our new cities—the cantonments of the national army an achievement of the city planners*. Survey, Oct. 27, 1917. Pp. 6.LASHIER, B. *The housing of war workers. Lessons from British experience for the fulfilment of an urgent task*. Survey, Jan. 5, 1918. Pp. 8.

MAGNUSSON, L. *Employers' housing in the United States*. Mo. Rev. U. S. Bur. Labor Stat., Nov., 1917. 2p. 25.

Abstract of forthcoming study by the United States Bureau of Labor Statistics of 213 companies employing 467,000 men, of whom 34 per cent were in company houses. Tables comprehensive but undiscriminating.

MERRIAM, C. E. *Building districts and restrictions*. Printed by Chicago City Council, Feb., 1917. Pp. 56.

A bill for an act granting to cities and villages of Illinois power to create residential, business and industrial districts. Contains good statement of reasons for districting Chicago.

NOLEN, J. *The effect of land subdivision upon housing and public health*. Wash. Govt. Prtg. Office, 1917. Pp. 6.

NOLEN, J. *Industrial housing*. Nat'l Housing Assn. Pubs. No. 35, June, 1917. Pp. 22.

Especial reference to Bridgeport, Kenosha, and Waterbury.

NOLEN, J. *Industrial housing. Better homes for less money*. Privately printed, 1918. Pp. 16.

"Economic advantages of better planning and of residential decentralization." Plans of six recent industrial villages.

PALMER, A. H. *Climatic influences on American architecture*. Sci. Mo., Sept., 1917. Pp. 13.

TALBOT, M. *Housekeeping and the public health*. Am. Journ. Pub. Health, Dec., 1917. Pp. 4.

TODD, R. E. *Housing and good health in Michigan*. Pub. Health (Published by Mich. State Bd. of Health), Aug., 1917. Pp. 58.

Study of bad housing in ten small cities, with recommendations.

WHITAKER, C. H. *What is a house?* Journ. Am. Inst. Actuaries, Oct., 1917. Deals especially with standards.

Bibliography. Selected list of references on industrial housing. Journ. Am. Inst. Actuaries, Oct., 1917. Pp. 5.

Eastriggs, an industrial town built by the British government. Journ. Am. Inst. Actuaries, Oct., 1917. Pp. 12.

The housing code of Michigan. Act. No. 167, Public acts of 1917. 1917. Pp. 31.

Housing in Scotland. Labour Gaz., Oct., 1917. Pp. 2.

Summary of majority and minority reports of Royal Commission on Housing in Scotland, appointed October 30, 1912.

War emergency in housing. Nat. Housing Assoc. Publications, No. 42, Nov. 8, 1918. Pp. 8.

A letter to President Wilson from the National Housing Association, urging appointment of a Housing Administration and government loans and supervision for housing of workers in war industries.

State housing manual, containing the state tenement house act, state hotel and

lodging house act, state dwelling house act, annotated. California State Commission of Immigration and Housing. 1917. Pp. 118.

A symposium on the housing problem. Am. Bldg. Assoc. News, Dec., 1918.

Excerpts from various periodicals on housing as affected by war.

Outline of a tentative program for dealing with the housing shortage in war industries. Journ. Am. Inst. Actuaries, Oct., 1917. Pp. 2.

Insurance and Pensions

(Abstracts by Henry J. Harris)

ABBOTT, E. *The experimental period of widows' pension legislation.* No. 125.

Reprints of reports and addresses of the National Conference of Social Work, 1917, meeting at Pittsburgh. (Order by number, 315 Plymouth Court, Chicago, Ill.) Pp. 10.

Experience under the Illinois law of 1911 suggests that such pension work may become the nucleus of a better public relief system.

CLARK, I. D. *Workmen's compensation legislation of 1917—amending acts.*

Mo. Rev. Bureau Labor Stat., Nov., 1917. Pp. 10.

Of the 35 laws in force, 24 were amended in 1917. In practically every case, scope of law has been enlarged and provisions made more liberal.

FRANKEL, I. K. *The increasing automobile hazard in the United States.*

Econ. Wld., Dec. 15, 1917. Pp. 3.

The industrial experience of a large American company shows that the death rate from automobile accidents has more than trebled from 1911 to 1916; suggestions are given for reducing this risk.

GEPIHART, W. F. *The war risk life insurance act of the United States.* Am.

Econ. Rev., Mar., 1918. Pp. 3.

HOFFMAN, F. L. *The accident hazard in the American merchant marine.*

Econ. Wld., Oct. 13, 1917. Pp. 2.

American data available are of little value. British reports thorough and show the direction along which statistics should be collected. Gives constructive suggestions for American legislation.

HOOKESTADT, C. *Three important problems of workmen's compensation.* Mo.

Rev. Bureau Labor Stat., Oct., 1917. Pp. 11.

Accident prevention, training of injured workers, and free choice of physicians are problems of present-day importance.

HUTCHINSON, W. A. *American life insurance and the war.* Econ. Wld., Dec. 8, 1917. Pp. 5.

In the United States in 1916, about \$1,700,000,000 ordinary life insurance was in force on males subject to military service, with no restrictions. In Canada war death claims were 14 per cent in 1915 and 26 per cent of total death claims. In Great Britain same rate is about 20 per cent annually for these years. Estimates that about 80 per cent of increase in investments has been in Liberty bonds within the six months' campaign.

HUTKIN, H. J., and JOHNSON, N. *The Tabor Beneficial Society*. Bull. Taylor Soc., May, 1917. Pp. 11.

Detailed account of organization and experience of an establishment fund for sickness benefits.

MICHELbacher, G. F. *The theory of experience rating in workmen's compensation and other insurance*. Econ. Wld., Nov. 17, 1917. Pp. 3.

Requirements of a practical plan.

O'GRADY, J. *The trade-union and the old man*. Am. Journ. Sociol., Nov., 1917. Pp. 20.

Brief history of the old-age pension systems of the railroad brotherhoods, granite-cutters, typographical union, and bricklayers, masons, and plasterers union, with account of experience, future prospects, and effect on membership.

POWELL, T. R. *The workmen's compensation cases*. Pol. Sci. Quart., Dec., 1917. Pp. 27.

Analysis of the United States Supreme Court decisions in the effort to set forth the judicial concept of "due process of law."

ROOS, C. M. *Seeking better insurance classification for small cities*. Journ. Am. Water Works Assoc., Sept., 1917. Pp. 5.

Small cities should coöperate in studying their fire risks, adjust their water systems to their risks, and enact laws to reduce risks.

Accident severity rates. Mo. Rev. Bureau Labor Stat., Nov., 1917. Pp. 3.

Comparison of the scale of time losses for weighting industrial accidents developed by bureau with that proposed by International Association of Accident Boards and Commissions.

The effect of American reserve requirements upon the future of our smaller fire insurance companies. Econ. Wld., Nov. 3, 1917. Pp. 2.

The smaller companies are being forced to consolidate or coöperate with larger ones.

National insurance acts. The departmental committee's further and final reports. Journ. Inst. Actuaries, Apr., 1917. Pp. 10.

Digest of the recommendations in the reports of the British Departmental Committee on approved societies finance and administration.

Social insurance by the United States government. Mo. Rev. Bureau Labor Stat., Nov., 1917. Pp. 16.

Summary of provisions and text of an act of Oct. 6, 1917, on soldiers' and sailors' insurance.

Terms and conditions of optional life and disability insurance provided by the soldiers' and sailors' insurance act. Econ. Wld., Oct. 20, 1917. Pp. 3.

Tables of rates, reprints of application blank, etc.

Uniform statistics of accidents and compensation insurance cost. Report of committee on statistics and compensation insurance cost of the I. A. I. A. B. C., 1917. Mo. Rev. Bureau Labor Stat., Oct., 1917. Pp. 20.

Form of standard tables recommended, with explanation of reasons for adoption.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

MEIGS, G. L. *Infant welfare work in war time*. Am. Journ. Diseases of Children, Aug., 1917.

Discusses methods employed in England, France, Germany, and Belgium to reduce infant mortality. Emphasizes the necessity of carrying on infant welfare work.

PINTNER, R., and TOOPS, H. A. *A mental survey of the population of a workhouse*. Journ. Delinquency, Sept., 1917.

According to the survey 29 per cent of the 132 individuals studied were feeble-minded and most of the remainder were backward.

SOUCHON, A., and others. *Société d'Economie Sociale: Réunion annuelle de 1917. L'utilisation des mutilés de la guerre*. Réf. Soc., Oct. 1, 1917.

A discussion of the reëducation of disabled soldiers along various trade lines, and their placing in the trades for which they are best suited and of which France has the most need.

Provision for disabled soldiers. Mo. Rev. U. S. Bureau Labor Stat., Oct., 1917.

A brief statement of the plan of the United States government to rehabilitate injured soldiers through treatment, measures for functional restoration, and vocational training. Meanwhile the men are to remain under military control.

State aid restricted in Massachusetts. Catholic Charities Rev., Dec., 1917.

An editorial commenting unfavorably upon the recent adoption of a constitutional amendment in Massachusetts, which, with some exceptions, prohibits the use of public money for the maintenance of private charitable institutions.

NOTES

A meeting of the Executive Committee of the American Economic Association was held in Washington, January 11, 1918. Cleveland, Ohio, was selected as the place for the next annual meeting.

The President of the Association was authorized to appoint special committees to report upon various economic problems of the war, including committees on transportation, labor, and price control. For the committees named the following chairmen were selected: Transportation, F. H. Dixon; Labor, J. H. Commons; Price Control, E. D. Durand. It was voted to appropriate \$1,000, or such portion of that sum as might be found necessary, for the expenses of these committees, to be expended under the supervision of the President and the Treasurer.

A committee of the American Economic Association on the Purchasing Power of Money consists of Professor Irving Fisher of Yale University, chairman, Professor B. M. Anderson, Jr., of Harvard University, Professor E. W. Kemmerer of Princeton University, Dr. Royal Meeker, Commissioner of Labor Statistics, Professor Wesley C. Mitchell of Columbia University, and Professor Warren M. Persons of Colorado College. This committee has been authorized to issue bulletins of public information, the first of which on the *Purchasing Power of Money in Wartime* has been prepared and circulated in the press. Other bulletins will be issued on the repression of non-essential industries, the adjustment of wages in relation to the purchasing power of money, and the stabilization of money.

Under the authority granted by the Association at its recent annual meeting the following committees were also appointed:

1. Two members of a joint committee on the revision of the courses offered in colleges of arts and sciences (request of the United States Commissioner of Education): L. C. Marshall, M. S. Wildman.

2. Committee on college training for citizenship (request of Board of Education of the Northern Baptist Convention): L. C. Marshall (chairman), M. S. Wildman, W. H. Hamilton, E. E. Day.

3. Committee on co-operation with other organizations in war service (request of American Historical Association) and on arrears in bibliographical publications (request of F. J. Teggart): J. A. Field, A. A. Young, H. J. Harris.

Since November 1, 1917, the following names have been added to the membership of the American Economic Association:

- Bauer, Charles H., S. B. Goff & Sons, Camden, N. J.
Bessom, F. A., Reading, Mass.
Bickham, Wm. W., 5037 Walton Ave., West Philadelphia, Pa.
Black, Wilmer, 905 Garrett Bldg., Baltimore, Md.
Boyd, D. M., Olive and Sixth Sts., St. Louis, Mo.
Brewster, Kingman, 374 Main St., Springfield, Mass.
Broeker, Felix, Salina, Kans.
Calder, R. J., International Creosoting & Construction Co., Galveston, Texas.
Carpenter, W. M., 1461 McCormick Bldg., Chicago, Ill.
Catchings, Waddill, 160 Broadway, New York City.
Chen, Po, Changsha, The Chinese American Publishing Co., Shanghai, China.
Clements, J. M., Provident Bank Bldg., Cincinnati, Ohio.
Cook, Jonathan B., 208 LaSalle St., Chicago, Ill.
Cooper, Frank Irving, 33 Cornhill St., Boston, Mass.
Cresap, Mark W., care of Hart Schaffner & Marx, Chicago, Ill.
Daly, John M., 61 Broadway, New York City.
Dotterweich, Edward J., 1820 78th St., Brooklyn, N. Y.
Ferguson, Maxwell, University of Kansas, Lawrence, Kansas.
Finstenwald, Edward C., 700 7th St., Watervliet, N. Y.
Fox, George L., The University School, New Haven, Conn.
Fox, J. L., 103 East Hennepin Ave., Minneapolis, Minn.
Goldman, Myron M., 212 Whitney Central Bldg., New Orleans, La.
Goldsmith, Nathan L., Goldsmith & Son, Newark, N. J.
Goodhart, R. W., Pensacola, Fla.
Hammarstrom, A. H., 603 Fourth Ave., Clinton, Iowa.
Heyden, Jos. T., 5410 Troost Ave., Kansas City, Mo.
Kane, Peter J., 54 William St., New York City.
Kasting, R. A., Pedigo-Weber Shoe Co., St. Louis, Mo.
Kolchin, Morris, 476 Fifth Ave., New York City.
Kwok, Yam-tong, 153 Amity St., Brooklyn, N. Y.
Levy, Saul, 72 Norfolk St., New York City.
Lewis, Miss Cleona, College of Industrial Arts, Denton, Texas.
Lewis, L. H., Perkins Dry Goods Co., Dallas, Texas.
Little, Ernest L., 28 State St., Boston, Mass.
Mayer, Richard, 200 Summer St., Boston, Mass.
McReynolds, Frederick W., 3241 R St., N. W., Washington, D. C.
Mendenhall, Joshua, 122 S. Michigan Ave., Chicago, Ill.
Meyer, Professor L. P., The Temple University, Philadelphia, Pa.
Miller, Nina, Furnald Hall, Columbia University, New York City.
Nijhoff, Martius, Lange Voorhout 9, S'Gravenhage, Netherlands.
Nilsen, Peter J., 116 S. Michigan Blvd., Chicago, Ill.
Phillips, James C., Box 1368 Butte, Mont.
Pugsley, Edwin, 77 Everitt St., New Haven, Conn.
Roach, Orvis A., 401 Cedar St., San Antonio, Texas.
Roberts, Charles Cullen, 54 William St., New York City.
Sams, E. C., J. C. Penney Company, 354 Fourth Ave., New York City.
Selinger, Hugo, P. J., Gambier, Ohio.
Sweeney, W. S., 812 L. & E. Bank Bldg., Columbia, S. C.
Tabb, H. B., Rigby, Idaho.

Takashima, Saichiro, 148 University Station, Urbana, Ill.
The Honourable, The Premier, Sydney, New South Wales, Australia.
Thomas, Roscoe L., Box 612, Butte, Mont.
Todd, A. M., National Public Ownership League, Kalamazoo, Mich.
Walker, Hiram H., Walkerville, Ont., Canada.
Walter, Edwin J., 31 Union Square West, New York City.
Watkins, Gordon, 610 S. Matthews Ave., Urbana, Ill.
Wein, Winse, L'Europe Nouvelle, 75 Rue de Lille, 1, Paris, France.
Wells, Hugh N., 318 Security Bldg., Los Angeles, Calif.
Wick, James L., Jr., Youngstown, Ohio.
Zitkowski, H. E., American Beet Sugar Co., Rocky Ford, Colo.

One of the by-products of the meetings held by the several associations during the holiday week in Philadelphia was the organization of the American Association for Agricultural Legislation. The following were elected officers: president, Professor Ellwood Mead, of the University of California; vice-president, Professor G. F. Warren, of Cornell University; secretary, Professor Richard T. Ely, of the University of Wisconsin; treasurer, Professor Henry C. Taylor, of the University of Wisconsin. Thirty persons were elected members. A committee was appointed on legislation for food production, consumption and price, of which Professor L. H. Bailey is chairman; and one on land settlement, of which Professor Richard T. Ely is chairman. A topic to which it is planned to give special attention in the near future is "Legislation for farmers' marketing organizations." Special stress will be laid upon the problem of land settlement. All interested in the work of this association are invited to send membership fee of two dollars to the secretary. It is hoped to have a large membership of business and professional people from cities and rural districts as well as among the men directly interested in agriculture.

During the past autumn a group of professors selected from American universities was in session for several weeks at the University of California engaged in studying the sociological and economic conditions in Mexico. This work was made possible by the gift of Mr. Edward L. Doheny of Los Angeles. Among those especially interested in economic conditions were Professor Richard T. Ely, of the University of Wisconsin; Professor Ellwood Mead, University of California; Professor W. W. Cumberland, University of Minnesota; Professor Theodore Macklin, University of Kansas; Dr. Jessica B. Peixotto, University of California; and Professor A. N. Young, Princeton University.

The Ohio Academy of Social Sciences will hold its annual meeting March 22-23. The subject of discussion will be "Political and eco-

conomic reconstruction problems at the close of the war with particular reference to conditions in Ohio." A paper will be presented by Professor W. M. Leiserson, of Toledo University, on "The organization of the labor market"; and one by Professor O. C. Lockhart, Ohio State University, on "Possible changes in taxation."

The Fifth National Foreign Trade Convention will be held at Cincinnati, Ohio, April 18-20, 1918. The general subject is to be "The part of foreign trade in winning the war." Detailed information may be had of O. K. Davis, secretary of the National Foreign Trade Council, 1 Hanover Sq., New York City.

In November the Bankers Trust Company entered into correspondence with a number of economists in the United States in regard to a coöperative plan for gathering and studying data relating to the economic aspects of the war. The substance of the replies as to such a plan have been summarized in Bulletin No. 1. This contains a list of topics now being studied or investigated at different colleges with suggestions as to others considered worthy of study. Students who have special interest in this are invited to correspond with Mr. Harvey B. Fiske, Bond Dept., Bankers Trust Co., 16 Wall Street, New York City.

Announcement has been made that prizes offered by Hart Schaffner & Marx for 1917 have been awarded as follows: In Class A, first prize was granted to Edmund Earle Lincoln for a paper entitled "The results of municipal electric lighting in Massachusetts"; second prize to Frank Hyneman Knight for a paper on "Cost, value and profit"; and honorable mention to Homer E. Gregory for a paper on "The aluminum industry"; and also to Paul F. Brissenden for a paper on "The Industrial Workers of the World." In Class B, first prize was granted to Moses B. Levin, for a paper on "The marketing of wrapping paper"; and second prize to Miss Nellie Martin for a paper on "The theory and practice of the legal minimum wage in the United States."

In the *Report of the Librarian of Congress*, 1917, just issued, mention is made of the recent accessions containing economic data. Among these are to be noted account books of Woolman and Potts, 1759-1824, which give retail prices in Philadelphia in 1759 and 1760; a mercantile letter book, 1812-1814, which contains correspondence showing the trade between Burlington, N. J., and Providence, R. I.; and a collection of papers, 1759-1805, of Robert Carter, of Virginia, a planter and merchant on an extensive scale in iron products.

The Bureau of the Census has begun the publication of a weekly *Mortality Bulletin*, showing the total number of deaths reported, death rate per thousand, number of deaths under one year of age, and proportion of infant deaths to total deaths in the largest cities. These reports are now received from cities representing one fifth of the population of the entire country.

The American Statistical Association announces the publication of the memorial volume in honor of the seventy-fifth anniversary of the association, which will be distributed to the trade by Macmillan Company at \$7.50 per copy. To members of the association, copies will be supplied at \$3.50. The volume is edited by Mr. John Koren. It contains "The history of the American Statistical Association, 1839-1914," by Mr. Koren; "Seventy-five years of progress in statistics," by S. N. D. North; and papers on the history and development of the official statistics in different countries, as in Australia, by G. H. Knibbs; in Austria, by Robert Meyer; in France, by Fernand Faure; in Great Britain, by Sir Athelstane Baines. Some sixteen countries are covered in all.

The Bowdoin College Library has recently received from the heirs of the late Thomas S. Laughlin, manufacturer and dealer in ship supplies in Portland, a valuable collection of over six hundred volumes on economics. The collection runs especially along the lines of commerce (notably tariff literature) and social reform in which Mr. Laughlin was chiefly interested, and contains several of the rarer of the old classics in these fields. Among the most valued items are William Petty, *Political Arithmetic* (1655); Josiah Child, *New Discourse of Trade* (1694); *Proposals and Reasons for Constituting a Council of Trade* (1701), by William Paterson, founder of the Bank of England; Josiah Tucker, *Advantages and Disadvantages with Regard to Trade* (1753); Sir Matthew Decker, *Essays on the Causes and Decline of Foreign Trade* (1751); John Locke, *Money, Interest and Trade* (1696); Defoe's *Complete English Tradesman* (1732), and *Plan of English Commerce* (1737); Sir James Steuart, *Principles of Political Economy* (1767); Harrington's *Works* (1771); Eden, *State of the Poor* (1797); Anderson, *History of the Origin of Commerce* (1801); Thomas Ruggles, *History of the Poor* (1794); originals of Lauderdale (1804); James Mill, Ricardo, Malthus, Chalmers, and others, and the writings of several of the pre-Marxian socialists such as Godwin, John Gray, Charles Bray, Thompson, and Robert Owen. The controversial writings on the Corn Laws in England and the best literature upon American protectionism are fully represented.

The *American Historical Review* in its issue of January notes that a committee of scholars of the University of Buenos Aires is preparing a history of Argentine commerce in five volumes extensively documented. Volume I deals with the period prior to 1810 and contains valuable documents relating to early trade between Argentina and the United States.

Volume 50 of the *Proceedings of the Massachusetts Historical Society* contains letters from John Stuart Mill to Charles Eliot Norton written between 1865 and 1870 relating to topics of current American finance.

Professor James Ford, of Harvard University, has published in the issue of the *Survey* for February 9, 1918, an Annotated Bibliography of Consumers' Coöperation.

A new monthly journal of interest to students of finance is the *California Taxpayers' Journal*, which is now in its second year (522 American Bank Bldg., Los Angeles, Cal.).

The National Americanization Committee (29 West 39th St., New York City) issues advance press sheets which will be of interest to students of labor and immigration problems.

The Committee for Immigrants in America (29 West 39th St., New York City) also is publishing bulletins relating to the work of Americanization.

The Athenaeum publishes a *Subject Index to Periodicals* and the topic of Historical, Political, and Economic Sciences, 1916, is covered in the issue for November, 1917 (American Agents, B. F. Stevens & Brown, 16 Beaver St., New York, pp. 119, 5s.).

The Michigan Historical Commission, Lansing, has recently begun the publication of a quarterly entitled *Michigan History Magazine*. The first number, which was published in July, 1917, contained an article by William L. Jenks on "The first bank in Michigan" (pp. 41-62).

The *Economic Journal* (London) in recent issues has presented summarized extracts of German periodicals relating to the war.

The honor of knighthood has recently been conferred upon Professor William Ashley of the University of Birmingham and formerly at Harvard University.

Since the publication of the lists of New Books the following books have been received:

H. C. Adams, *Description of Industry: An Introduction to Economics* (Macmillan).

E. W. Kemmerer, *Monetary System of Mexico: Proposed Reforms* (Mexico City, Comision de Reorganization Administrativa y Financiera).

J. W. Jenks and W. J. Lauck, *The Immigration Problem*, fourth edition (Funk & Wagnalls).

A. D. Smith, *The Development of Rates of Postage* (London, George Allen and Unwin, Ltd.).

The Teaching of Economics in Harvard University (Harvard University Press).

Appointments and Resignations

Mr. Roger W. Babson has been appointed upon the board of the United States Employment Service of the Department of Labor, and will also serve as head of a division on industry under the Committee of Public Information.

Professor Don C. Barrett, of Haverford College, is lecturing at Princeton during the second semester on corporation finance.

Dr. Holmes Beckwith, formerly of the faculty of Grinnell College, has been appointed assistant professor of banking in the Northwestern University School of Commerce.

Dr. P. W. Bidwell has been promoted to an assistant professorship in the Sheffield Scientific School of Yale University and has been granted leave of absence for the second half year to carry on research work for the United States Tariff Commission.

Mr. John D. Black, formerly at the University of Wisconsin, has been appointed assistant professor in agricultural economics at the University of Minnesota.

Dr. Solomon Blum is on temporary appointment during the second semester as associate professor of economics at the University of California.

Dr. James E. Boyle has been elected extension professor of rural economy at the College of Agriculture, Cornell University.

Dr. Charles E. Brooks, assistant professor of economics at the University of California, is on leave of absence. During the first semester he served as actuary for the Soldiers' and Sailors' Insurance Bureau of the United States government. During the second semester he is

assisting the Carnegie Institution in developing a scheme of professors' insurance.

Professor Neil Carothers is on leave from Princeton, having been appointed a first lieutenant in the Aviation Service.

Mr. Dana F. Cole has been granted leave of absence from the department of economics of the University of Nebraska and has entered the Third Reserve Officers Training Camp at Fort Riley.

Mr. George A. Denfield has been appointed instructor in accounting in the University of Montana.

Professor E. R. Dewsnap, of the University of Illinois, is on leave of absence and is in England participating in the work of the Department of Railway War Traffic.

Mr. Clay C. Duggan, has been appointed director of the efficiency bureau of the School of Commerce, Accounts, and Finance at New York University.

Professor David Friday is now head of the department of economics at New York University. Professor Friday, with the assistance of Professor William A. Barber, of New York University, and others, has recently begun a special investigation for the Federal Reserve Board.

Professor Edwin F. Gay, of Harvard University, who has been engaged under the United States Shipping Board in the examination of tonnage problems, has been made as representative of that board a member of the War Trade Board.

Mr. Roy Hall, lecturer in accounting in the School of Commerce of Northwestern University for the past two years, has been made assistant professor of accounting.

Professor R. H. Hess, of the University of Wisconsin, is installing a statistical system for the Quartermaster's Department at Washington.

Associate Professor David Himmelblau, of Northwestern University School of Commerce, is now serving as assistant paymaster of the Navy with the rank of lieutenant.

Dr. H. E. Hoagland, of the University of Illinois, has been appointed statistician of the New York State Public Service Commission at New York City.

Professor Lincoln Hutchinson, of the University of California, has been granted leave of absence for the duration of the war and is serv-

ing with the United States Bureau of Domestic and Foreign Commerce in connection with the regulation of foreign trade.

Professor Emory R. Johnson, of the University of Pennsylvania, has been chosen president of the National Institute of Social Sciences.

Mr. Eric L. Kohler, instructor in accounting at Northwestern University School of Commerce, is a second lieutenant in the Quartermaster's Reserve Corps.

Mr. W. S. Krebs, formerly at the University of Michigan, has been appointed associate professor of economics at Washington University, St. Louis.

Mr. John A. Lapp has been appointed to take charge of the state investigation in Ohio of sickness insurance, sickness prevention, and old age pensions.

Mr. Porter R. Lee, formerly general secretary of the Society for Organizing Charity in Philadelphia, has been appointed director of the New York School of Philanthropy following the resignation of Dr. Edward T. Devine, who is with the American Red Cross in France.

Mr. William Leslie is taking the courses of Dr. Charles E. Brooks at the University of California during the latter's absence.

Dr. Louis Levine has been promoted to professor of economics in the University of Montana.

Assistant Professor Lewis Lilly, of the University of Washington, is on leave of absence and is assistant to the comptroller of the American Red Cross in France.

Dr. D. A. MacGibbon, formerly at Brandon College, is now in charge of the department of economics in McMaster University, Toronto.

Professor L. C. Marshall, of the University of Chicago, has been appointed a member of the Advisory Council to act under the Department of Labor as a national War Labor Board.

Professor Stephen I. Miller is temporarily absent from the University of Washington doing work at San Francisco for the Federal Trade Commission.

Professor Henry R. Mussey, formerly of Columbia University, has been made managing editor of *The Nation*.

Mr. A. W. T. Ogilvie has been appointed lecturer in office management at the Northwestern University School of Commerce.

Dr. Jessica B. Peixotto, associate professor of economics at the University of California, is in Washington during the second semester associated with the Children's Bureau of the United States Department of Labor.

Professor John C. Phillips has been appointed professor of economics at the University of Indiana.

Dr. E. E. Pratt, formerly chief of the Bureau of Foreign and Domestic Commerce, is now vice-president of the Pacific Commercial Company.

Mr. Lawson Purdy, for many years president of the Tax Board of New York City, has been chosen general director and secretary of the New York Charity Organization Society.

Mr. Edwin J. Rosenberg has received an appointment in the department of economics at the University of Idaho.

Mr. Lloyd Preston Rice has been appointed instructor of economics and social science at Wesleyan University for the second semester.

Dr. Wesley Everett Rich, of Wesleyan University, has been granted leave of absence for one year to enable him to serve in the National Army.

Mr. F. R. Richter, assistant professor of banking at Northwestern University School of Commerce, is a second lieutenant in the Adjutant General's Office at Washington, D. C.

Professor William Z. Ripley, of Harvard University, has been elected director of the Chicago, Rock Island, and Pacific Railroad.

Dr. A. M. Sakolski has been granted indefinite leave of absence by the Delaware and Hudson Company in order to enable him to enter the service of the Federal Trade Commission.

Dr. Walter Dill Scott, professor of psychology and advertising at Northwestern University School of Commerce, is serving in the Personnel Division at Washington.

Mr. Herbert Shuey is giving Professor Hutchinson's courses at the University of California.

Mr. Thomas R. Taylor, instructor at Northwestern University School of Commerce, is at Camp Dix.

Mr. James Charles Teevan has been appointed lecturer in business law at the Northwestern University School of Commerce.

Professor John Roscoe Turner, of New York University, has been made dean of the Washington Square College of that university. This is in addition to his former work.

Dr. Arthur E. Swanson has been appointed dean of the Northwestern University School of Commerce. He is now at Washington assisting in the priority work of the Shipping Board.

Dr. Homer B. Vanderblue is on leave from the Northwestern University School of Commerce and is a first lieutenant in the United States Army.

Miss Mary Van Kleeck has been appointed chief of the Women's Division of the Industrial Service Section in the Ordnance Department, to have charge of questions involving the general welfare of women workers in munition plants.

Mr. William D. Winter, third vice-president of the Atlantic Mutual Insurance Company of the United States, has been engaged to offer a special course of lectures on marine insurance in the Wall Street Division of New York University.

Professor Arthur N. Young, of Princeton University, is spending several months in Mexico as expert on taxation for the Comision de la Reorganizacion Administrativa y Financiera of the Mexican government.

Professor L. E. Young is on leave of absence from Northwestern University School of Commerce, and is connected with the Explosives Regulation Division of the Bureau of Mines at Washington.

Professor George Ray Wicker, of Dartmouth College died November 25, 1917, at the age of 47. In a recent number of the *Dartmouth Alumni Magazine* there is an appreciative notice of his work as a teacher, by Professor Dixon, from which the following extract is taken:

"The Dartmouth student will best remember Mr. Wicker as the inspiring teacher of Economics 1. For many years the course was his exclusively, and when the numbers grew so large that the mechanics of the situation were beyond the capacity of any single man, he yielded sections to others only with the greatest reluctance. While the growth of the number of electives in this department may be in part explained by the growing size of the college, the increasing interest of students in

economic subjects, and the opening of the elementary work without restriction to sophomores, yet an important factor was the influence that Mr. Wicker exercised over the individual student, and his capacity for impressing each one of them with his striking personality. His home was in the class-room, with his boys gathered about him, discussing with an informality that encouraged the diffident, and a dignity that discouraged the supercilious, some problem that gripped their lives. Such teaching is rare and its influence is imperishable.

"But Mr. Wicker was by no means lacking in scholarship. He was deeply read in the literature of his subject. His few articles and book reviews, written in a style of unusual clearness and cogency revealed the depth of his thinking. His little book on *Elementary Economics*, of which he was a joint author with Professor Ely, is the best book in its field. Mr. Wicker's last piece of writing was a revision of this text. Could he have willingly submitted himself to the necessary discipline, he would have ranked high among productive scholars. But his impatience of restraint, his catholic tastes, his eagerness for the exploration of new fields, and the unstinted manner in which he gave himself to his students, interfered."

M. Daniel Bellet, secretary of Société d'Economie Politique, of France, died October 11, 1917.

Professor Wagner, of the University of Berlin, died November 8, 1917. A brief note in regard to his academic work, influence, and characteristics, by M. Epstein, may be found in the *Economic Journal* (London), pp. 576-578.

